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YOUTH EMPLOYMENT AND ECONOMIC ASSISTANCE ACT OF 1983

HEARING

BEFORE THE

SUBCOMMITTEE ON
EMPLOYMENT AND PRODUCTIVITY

OF THE

COMMITTEE ON
LABOR AND HUMAN RESOURCES
UNITED STATES SENATE

NINETY-EIGHTH CONGRESS

FIRST SESSION

ON

S. 724

TO AUTHORIZE THE UNITED STATES ARMY CORPS OF ENGINEERS TO UNDERTAKE ACTIVITIES TO PROVIDE NEW PUBLIC WORKS INVESTMENT, GRANTS TO THE SEVERAL STATES TO ENCOURAGE AND FOSTER THE CONSTRUCTION OF NECESSARY PUBLIC CAPITAL INVESTMENT PROJECTS, TO ASSIST IN CREATING NEW AND PRODUCTIVE JOBS, AND FOR OTHER PURPOSES

MAY 26, 1983

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YOUTH EMPLOYMENT AND ECONOMIC ASSISTANCE ACT OF 1983

THURSDAY, MAY 26, 1983

U.S. SENATE,
SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY,
COMMITTEE ON LABOR AND HUMAN RESOURCES,
Washington, D.C.

The subcommittee met, pursuant to notice, at 9:45 a.m., in room SD-430, Dirksen Senate Office Building, Senator Dan Quayle, (chairman of the subcommittee) presiding.

Present: Senator Quayle.

Senator QUAYLE. The subcommittee will come to order.

I will put a statement into the record describing my concerns and thoughts about youth employment.

As we discuss things today, one of the questions I will be asking will have to do with looking at the cost-effectiveness of youth employment programs and the legislation that we have before us. I think cost-effectiveness is a paramount issue today, with the budget restraint that we have, and there certainly is a budget restraint. I believe another question that we are going to have to ask ourselves is how much money are we going to be able to spend on youth employment, coupled with youth training. Furthermore, do we need new programs? Do we need new programs, or can we do it within the existing programs? Should we spend more money on youth training, which is already a vital part of the Job Training Partnership Act?

I believe that these are all questions that, throughout the hearing, I will be propounding to the witnesses. I do not believe it is any secret that I have a strong and deep commitment to youth training, to youth employment. It is an issue that I have been intensely involved in for the last 2½ years—one of the more enjoyable aspects of this committee and, quite frankly, being in the U.S. Senate, as well. I do believe we have got to find the most workable and, obviously, the most affordable approach as we pursue an agenda that is going to help our young people get training.

We do have a serious unemployment problem, particularly with the minority teenage unemployment as high as 50 percent in some cases, just an absolute disaster in some places around the country. This cannot go unnoticed. There will have to be some attention given to this. The question is, What is that action going to be? What is that attention going to be? That is why we are having these hearings. We will proceed to markup, and then we will get together with the other committees that have reported this legislation.

[The balance of Senator Quayle's opening statement follows:]

OPENING STATEMENT OF SENATOR QUAYLE

Senator QUAYLE. The Subcommittee on Employment and Productivity has been active in exploring solutions to the problems of youth unemployment. In 1981, we reauthorized youth programs under title IV of CETA for 1 year while we studied the best way to help disadvantaged, unemployed youth improve their chances and opportunities, for gaining employment. In the Job Training Partnership Act we made the decision to enact a noncategorical program to train youth as well as adults.

In 1981, we terminated the young adult conservation corps and the youth community conservation and improvement projects because our analysis led us to believe that these two programs were not a cost effective means of preparing youth for the labor market. In addition, youth enrolled in these programs were not the most in need or employment assistance.

Today we are here to look at legislation that once again raises the issue of authorizing categorical programs for unemployed youth.

A number of proposals for youth employment programs have been introduced during this Congress to address the serious problems of youth unemployment. It is difficult to measure the dimensions of the problems presented by unemployment among youth. For 1982, the unemployment rate for adult males, aged 20 and over, was 8.9 percent compared to 24.4 percent unemployment for young males aged 16 to 19. The unemployment rate for black males, aged 16 to 19 was 44 percent for 1982. These unemployment rates for youth are alarming. The 24.4 percent unemployment rate for males represents about 1 million youth. That does not even include females which would add another 1.3 million youths.

For many youths, unemployment is only a temporary problem because teenagers are more likely to experience frequent but short bouts of unemployment, rather than have a single period of prolonged unemployment. The most recent data available show that one out of every three teenagers who was unemployed during 1981 was unemployed for 4 weeks or less. But for others, expecially for youths in low-income families that need the earnings, it can be a chronic problem. Failing to gain work experience as a teenager can also make it more difficult for youths to develop into mature adult workers. In 1982, approximately 2.7 million youth ages 16 to 19 had received less than 4 years of high school, were not enrolled in high school, and were not in the labor force. In addition, a little less than another 1 million were unemployed.

Janet Norwood, Commissioner of the Bureau of Labor Statistics testified before the Senate Committee on Environment and Public Works that the problem of teenage and young adult joblessness could become worse in the future because while the percentage of youths in the labor force is declining overall, the proportion of blacks and other minority youths in the teenage population is rising. This means we will have an increase in the proportion of youth who typically have the most difficult barriers to unemployment to overcome. Also teenage employment problems have been exacerbated in recent years by the increased competition from college graduates for entry-level jobs.

These statistics and trends should highlight the seriousness of the problems of youth unemployment, the necessity for dealing with the issue, and the need to see that our limited funds are spent in the most cost-effective manner possible.

In looking at the proposals before us here today I think our primary emphasis should be to examine the extent to which these programs, and any Federal initiatives, effectively assist unemployed, disadvantaged youth prepare for entering the labor market. We do know that some approaches work more effectively than others in improving the employability of youth. We have witnesses here today who will provide us with information on studies that have been done on past programs.

There is a great deal of support for the youth employment provisions in S. 724 because of the conservation and community improvement activities. These are worthwhile and important activities that deserve to be carried out. However, I question whether these programs are the most cost-effective or efficient way of providing conservation and community improvement.

Federal programs to train economically disadvantaged youth are already in place, as are programs to meet our conservation needs. In deciding whether to enact new programs, we must remember that we are in a period of budgetary constraint. Programs with high purposes may work against those purposes if they result in higher deficits which impede recovery.

We will now receive for the record a statement by Senator Kennedy.

[The prepared statement of Senator Kennedy follows:]

PREPARED STATEMENT OF SENATOR KENNEDY

Senator **KENNEDY**. I want to commend my friends and colleagues, Senator Stafford and Senator Quayle, for the leadership they have shown on one of the most critically important problems facing our Nation—the unconscionable levels of unemployment among our youth.

While we've had some good economic news lately, the unemployed have very little to cheer about. Over 11 million men and women still can't find a job. The news for their sons and daughters is even grimmer. Twenty-three percent of all teenagers are out of work. Unemployment among Hispanic youth stands at 30 percent, and one of every two black teens (50 percent) is jobless.

The administration has responded to this crisis by abolishing all of the very successful jobs programs that were created in 1977:

The Young Adult Conservation Corps—abolished.

The youth entitlement program—abolished.

The youth community conservation and improvement program—abolished.

The youth employment and training program—abolished.

Fortunately, they haven't been as successful with Jobs Corps and the summer program. We've been able to keep those in operation.

Today we will hear testimony on a bill that would reestablish two of those very successful programs. While I am pleased that this committee will act on a youth bill, I hope we will look seriously at the very positive results from the youth entitlement program and incorporate that experience in any bill we report out.

Youth entitlement operated for over 2 years in Boston, Baltimore, and 17 other sites around the country. During that period, 76,000 teenagers living n poverty communities were guaranteed a job as long as they agreed to complete their high school education.

The results are just in and they are dramatic:

Fifty-six percent of those eligible to work took jobs.

Employment increased dramatically for black youth.

Good jobs in the private sector were created when wage subisidies were offered.

School attendance increased and dropout rates declined. And the cost for this highly effective program was just over $4,000 a year for each young person.

I hope my colleagues will take a good look at the entitlement results. I think they will be impressed.

As we proceed to consider this legislation, I believe we should address the following issues:

Targeting of scarce resources to communities and young people with the greatest need.

Linking jobs for youth to education.

Incentives for the private sector to provide jobs for unemployed teens.

Avoiding multiple local delivery systems for youth jobs programs.

I look forward to working with Senator Quayle in moving this legislation forward. The young people of this country await our actions.

Senator **Quayle**. With that brief outline of where I am coming from in these hearings, we will have our first panel, Mr. Richard Hite, Mr. Jerome Miles, and Dr. Harvey Vieth.

Mr. Hite, please proceed. Because we have a number of panels, and I must depart from here before 11:30, we must observe the 5-minute rule—or even less. The red light will come on for 5 minutes, and then you will have 15 seconds to summarize before the gavel will descend upon this little wooden thing here, to send tremendous sounds around the room, so we will give you sufficient notice.

So, Mr. Hite, please proceed.

STATEMENT OF RICHARD R. HITE, PRINCIPAL DEPUTY ASSISTANT SECRETARY, OFFICE OF POLICY, BUDGET AND ADMINISTRATION, DEPARTMENT OF THE INTERIOR, WASHINGTON, D.C.; JEROME A. MILES, DEPUTY CHIEF, ADMINISTRATION, FOREST SERVICE, DEPARTMENT OF AGRICULTURE, WASHINGTON, D.C., ACCOMPANIED BY LEON ANDERSON, DIRECTOR, HUMAN RESOURCE SERVICE, FOREST SERVICE; AND DR. HARVEY VIETH, DIRECTOR, OFFICE OF COMMUNITY SERVICES, DEPARTMENT OF HEALTH AND HUMAN SERVICES, WASHINGTON, D.C., ACCOMPANIED BY JERRY SPEARS, DEPUTY DIRECTOR, OFFICE OF COMMMUNITY SERVICES, HHS, A PANEL

Mr. **Hite**. Good morning, Mr. Chairman.

I have at the table with me, at the extreme left end, the associate director for administration of our youth program organization, Dennis Hubscher, so he can contribute knowledge.

I have a prepared statement, sir, which I would submit for the record and, in the interest of your time, would just very briefly summarize by saying that the Department of the Interior, on behalf of the administration, opposes the enactment of at least that title in S. 724 which would create the American Conservation Corps. We oppose it, Mr. Chairman, on the grounds that it is an extremely expensive program that does not endow the participants with a skill which would evolve into long-term employment.

We feel the bill is, to some extent, as you propose it, an improvement over the House version in that it is targeted to a greater degree. We submit it to you, Mr. Chairman, that our experience with the Job Corps has been a positive one, because skills and union membership are developed for those participants.

Really, Mr. Chairman, that is the essence of our opposition to the bill, and we would be glad to answer your questions as you go along.

Senator **Quayle**. Thank you very much.

[The prepared statement of Mr. Hite follows:]

STATEMENT OF RICHARD R. HITE
PRINCIPAL DEPUTY ASSISTANT SECRETARY
POLICY, BUDGET AND ADMINISTRATION, DEPARTMENT OF THE INTERIOR
BEFORE SENATE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
CONCERNING S. 724
May 26, 1983

Mr. Chairman and Members of the Subcommittee:

Thank you for the opportunity to present the views of the Department of the Interior on Part B, Title III, of S. 724, the "Youth Employment and Economic Assistance Act of 1983."

Part B, entitled as the "American Conservation Corps," would direct the Secretary of the Interior, in cooperation with the Secretaries of Agriculture and Labor, to establish and administer a public lands conservation, rehabilitation, and improvement program through grants to Federal and State agencies for the establishment and operation of residential and nonresidential conservation centers to carry out the purposes of the Act.

Enrollment in the conservation centers would be limited to unemployed youths 16 through 24 years of age. Enrollees would be provided living quarters, board, medical care, transportation and other services considered necessary by the Secretary. Special consideration would be given to the enrollment of disadvantaged youths and those residing in areas of substantial unemployment for a period not to exceed two years.

The proposed program would be similar to the Youth Conservation Corps (YCC) and the Young Adult Conservation Corps (YACC) programs. These two programs have essentially been phased out over the past two years and funding has not been proposed by the Administration in 1984 because of several problems with program design and execution. Both programs were very expensive per person served and placed few enrollees in permanent jobs. The conservation centers proposed by S. 724 would likely be subject to the same criticisms. The Young Adult Conservation Corps was closed on September 30, 1982, because of overall program priorities and fiscal policies. The Youth Conservation Corps was operated last year at a minimum level through use of operational funds from the National Park Service, the Fish and Wildlife Service and the U.S. Forest Service. The 1983 appropriation provides for operating a small program by each of these agencies.

As we testified on February 8, 1983, before the House Subcommittee on Public Lands and National Parks, we do not believe these youth work experience programs are the most efficient way to accomplish conservation and recreation work. Because funding for these programs and projects are not subject to the same budgetary process that public lands programs undergo, higher priority conservation and development work may not be funded as budget totals are indirectly increased by youth employment programs. We do not recommend the passage of this Bill. It is the goal of the Administration to reduce Federal expenditures, strengthen the economy, and control inflation. We believe that Federal spending must be reduced, and that passage of this legislation would only serve to slow our Nation's economic recovery.

Mr. Chairman, this concludes my prepared remarks. I will be happy to answer any questions you may have.

Senator QUAYLE. Mr. Miles.

Mr. MILES. Thank you, Mr. Chairman.

We have also provided a statement for the record, and if I may, I will just summarize that statement. Before I do that, I would like to introduce on my right, Mr. Leon Anderson, who is the director of human resource programs of the Forest Service.

We appreciate the opportunity to appear here today to offer our views on S. 724, a bill which would authorize the youth employment program. Our remarks will be directed only to part B of title III, which we understand was adopted as an amendment to S. 724 and reported by the Committee on Environment and Public Works last week. This would be new authority for the Federal Government employment of young men and women in conservation-related activities on State and Federal lands. We do not support the reestablishment of these programs. The American Conservation Corps which would be established by the bill reinstitutes the Youth Conservation Corps and Young Adult Conservation Corps programs, and these programs have essentially been phased out over the past 2 years, and we are not proposing any funding for YCC for 1984.

The reason is that these programs involve lower-priority work on the national forests, and we believe that resources ought to be aimed at the higher priority work that we have to do with our regular programs which, of course, also provide a great amount of summer and seasonal employment.

Another aspect of the program is that although there is some targeting mentioned in S. 724, we do not think that the targeting would be sufficient, really, to aim these programs at the people who are most in need of employment.

We believe that in the final analysis, the country is better served by an improved economy, lower Federal deficits, and providing employment through the private sector for our young people.

We would be pleased to try to answer any questions the committee has.

Senator QUAYLE. Thank you, Mr. Miles.

[The prepared statement of Mr. Miles follows:]

STATEMENT OF
JEROME A. MILES,
DEPUTY CHIEF, ADMINISTRATION
FOREST SERVICE
UNITED STATES DEPARTMENT OF AGRICULTURE

Before the
Subcommittee on Employment and Productivity
Committee on Labor and Human Resources
United States Senate

Concerning S. 724

May 26, 1983

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

We appreciate the opportunity to appear here today to offer the Department of Agriculture's views on S. 724, a bill which would authorize a youth employment program. We will direct our remarks to Part B of Title III of the bill that we understand was adopted as an amendment to S. 724 and reported by the Committee on Environment and Public Works last week. This part would be new authority for Federal Government employment of young men and women in conservation-related activities on State and Federal lands.

The Administration does not support reestablishment of these programs. Therefore, we recommend that this part of S. 724 not be enacted. The American Conservation Corps which would be established by the bill reinstitutes the Youth Conservation Corps and Young Adult Conservation Corps programs. These programs have essentially been phased out over the past 2 years and funding is not proposed for fiscal year 1984.

The Department of Agriculture has been deeply involved in these two youth employment programs since their inception in 1971 and 1977 respectively. Enrollees have carried out conservation work on the National Forests, including tree planting, timber stand improvement, trail construction and improvement, wildlife habitat improvement, and recreation area maintenance and construction. This work is, for the most part, labor intensive. In the past, it has supplemented our regular programs which are funded through the normal budgetary process. However, we are seeking to terminate these programs as part of this Administration's effort to reduce funding for low priority programs which cannot be justified in times of fiscal restraint.

The YCC and YACC programs have been terminated because they involve relatively low priority work or work that can be better accomplished through regular programs. Of course, regular programs also provide employment, albeit usually to older individuals many of whom have family responsibilities. Budget proposals are based both on the work necessary to accomplish these programs and on their priority relative to other programs and fiscal policy concerns.

The existing youth programs are not specifically targeted to serve disadvantaged youth. While S. 724 attempts to target the program to those most in need, the changes from existing programs are marginal and would not correct the problems of the predecessor programs. In addition, such a targeted program would still duplicate other programs that serve disadvantaged youth, including programs recently authorized under the Job Training Partnership Act, and would be as costly as the programs now being terminated.

The legislation would provide an annual appropriation authorization of $300 million for the American Conservation Corps. While we are supportive of effects to increase youth employment, we do not believe that funding new programs is the proper approach. We believe that the recovering economy will provide the best opportunity to provide such employment.

Mr. Chairman, this Department presently participates in programs to provide unemployed, disadvantaged youth an opportunity to increase their employability. The Forest Service currently operates 18 Job Corps Civilian Conservation Centers. Currently, about 8,800 youth receive training and employment in that program, performing work on the National Forests. The recently enacted Jobs bill, P.L. 98-8, provides supplemental funds to the Department of Labor to expand this program. This program is carried out in conjunction with our regular resource management programs. The additional authority that would be provided by S. 724 is not necessary and is not recommended.

That concludes my prepared statement. I would be happy to answer any questions that the Subcommittee may have.

Senator QUAYLE. Dr. Vieth?

Dr. VIETH. I would like to go through the statement, even though you have a copy for the record, because I think it addresses all the problems that we have.

The administration supports the objective of increased employment for youth and has already taken steps to assure that they receive the training needed for them to find jobs. The fiscal year 1984 budget requests over $2 billion for programs that would train or employ low-income disadvantaged youth under the Job Training Partnership Act. In addition, the administration has also proposed a summer youth employment differential in the minimum wage to enable youth, especially those with limited skills or without work experience, to find jobs in the private sector. Such employment experience is essential to providing youth with job skills and an understanding of the workplace discipline they will need throughout life.

Aside from the fact that the administration has already taken these steps to help youth, there are problems with the title III-A proposal itself.

First, the program authorizes $1.5 billion in expenditures over the next 5 years. Given the amount of resources already committed to addressing youth training and employment, and the current and long-term budget constraints we face, we cannot support increasing the budget deficit by this amount.

As I think we all agree, the best way to assure that jobs are available is to improve the economy. We are already seeing improvement in most areas of the economy. While reductions in unemployment usually lag behind a recovery, such reductions will come. This increased authorization can be expected to take effect just at the time that more jobs are being created in the private sector, and employment opportunities for youth are improving.

We should not respond to a short-term unemployment problem with a new, 5-year Federal program, particularly one that does not take effect until 1984. The latest administration projections for growth in the economy indicate that unemployment will drop from 10.5 percent in 1982 to 8.8 percent in 1984, with further reductions to 6.7 in 1987. Real GNP is projected to grow by 4.7 percent between the fourth quarter of 1983 and the fourth quarter of 1984.

Our second major objection to title III-A is that it represents a return to a Federal categorical program approach for training and employment programs by setting up a narrowly focused program which specifies the activities that can be supported. The categorical approach to training and employment was explicitly rejected by the administration and Congress when the Job Training Partnership Act was passed last October.

Another major problem is that title III-A establishes a subsidized jobs program of the type Congress decided was not worth financing when the Job Training Partnership Act was debated and passed. Subsidized employment programs, like the youth community conservation and improvement projects, financed under title IV of CETA, and the public service employment programs, were the least successful of all the CETA programs in preparing participants for unsubsidized employment. In 1980, only 18 percent of the CETA-youth community conservation and improvement project participants found jobs after the program. We cannot support a return to committing resources to the type of program that does not provide long-term benefits to unemployed youth.

There are other problems with title III-A. We believe both the application and program administration procedures are too complex and burdensome. For example, the bill recommends that priority be given to projects which can be completed within a year or projects that would provide summer employment for youth. However, the administrative assurances necessary for project applications, concerning wage levels, supervision, coordination with classroom instruction, and coordination with courts having jurisdiction over status and youthful offenders, coordination with local welfare agencies and the provision of basic literacy skills, are so burdensome that implementation of such a program would require a great deal of advance planning by any applicant.

In summary, we oppose title III-A because it is too expensive, it sets up a new Federal categorical program, it is too administratively burdensome and it is similar to a subsidized employment program which has shown itself to be a failure in terms of providing job skills that lead to unsubsidized employment. As evidenced by the President's support for the Job Training Partnership Act, and the administration's Employment Act of 1983, the administration supports efforts to solve the problems of unemployment; however, we cannot support title III-A of Senate bill 724.

I would also at this time like to introduce Jerrold Speers, who is my Deputy Director of the Office of Community Services under HHS.

Senator QUAYLE. Welcome, and thank you, Dr. Vieth.

[The prepared statement of Dr. Vieth follows:]

PREPARED STATEMENT OF DR. HARVEY VIETH, DIRECTOR, OFFICE OF COMMUNITY SERVICES

I am testifying today to express the Administration's opposition to Part A of Title III of Senate Bill 724, which would authorize Federal funding for youth employment in community conservation and improvement projects.

The Administration supports the objective of increased employment for youth and has already taken steps to assure that they receive the training needed for them to find jobs. The FY 1984 budget requests over $2 billion for programs that would train or employ low-income disadvantaged youth under the Job Training Partnership Act. In addition, the Administration has also proposed a summer youth employment differential in the minimum wage to enable youth, especially those with limited skills or without work experience, to find jobs in the private sector. Such employment experience is essential to providing youth with job skills and an understanding of workplace discipline they will need throughout life.

Aside from the fact that the Administration has already taken these steps to help youth, there are problems with the title III-A proposal itself. First, the program authorizes $1.5 billion in expenditures over the next five years. Given the amount of resources already committed to addressing youth training and employment and the current and long term budget constraints we face, we cannot support increasing the budget deficit by this amount. As I think we all agree, the best way to assure that jobs are available is for the economy to improve. We are already seeing this improvement in most areas of the economy. While reductions in unemployment usually lag behind a recovery, such reductions will come. This increased authorization can be expected to take effect just at the time that more jobs are being created in the private sector and employment opportunities for youth are improving.

We should not respond to a short term unemployment problem with a new, five-year Federal program, particularly one that doesn't take effect until FY 1984. The latest Administration projections for growth in the economy indicate that unemployment will drop from 10.5% in 1982 to 8.8% in 1984, with further reductions to 6.7% in 1987. Real GNP is projected to grow by 4.7% between the fourth quarter of 1983 and the fourth quarter of 1984.

Our second major objection to title III-A is that it represents a return to a Federal categorical program approach for training and employment programs by setting up a narrowly focused program which specifies the activities that can be supported. The categorical approach to training and employment was explicitly rejected by the Administration and Congress when the Job Training Partnership Act (JTPA) was passed last October.

Another major problem is that title III-A establishes a subsidized jobs program of the type that Congress decided was not worth financing when the Job Training Partnership Act was debated and passed. Subsidized employment programs, like the Youth Community Conservation and Improvement Projects (YCCIP) financed under title IV of CETA and the Public Service Employment programs, were the least successful of all the CETA programs in preparing participants for unsubsidized employment. In 1980, only 18 percent of the CETA-YCCIP participants found jobs after the program. We cannot support a return to committing resources to the type of program that does not provide long term benefits to unemployed youth.

There are other problems with title III-A. We believe both the application and program administration procedures are complex and burdensome. For example, the bill recommends that priority be given to projects which can be completed within a year or projects that would provide summer employment for youth. However, the administrative assurances necessary for project applications - concerning wage levels, supervision, coordination with classroom instruction, coordination with courts having jurisdiction over status and youthful offenders, coordination with local welfare agencies, and the provision of basic literacy skills - are so burdensome that implementation of such a program would require a great deal of advance planning by any applicant.

In summary, we oppose title III - Part A because it is too expensive, it sets up a new Federal categorical program, it is too administratively burdensome and it is similar to a subsidized employment program which has shown itself to be a failure in terms of providing job skills that lead to unsubsidized employment. As evidenced by the President's support for the Job Training Partnership Act and the Administration's Employment Act of 1983, the Administration supports efforts to solve the problems of unemployment, however, we cannot support title III-A of S. 724.

Senator Quayle. I have a couple of questions for each of the witnesses.

Let us just assume hypothetically, that the Congress is going to decide to spend approximately $500 million to alleviate the youth unemployment problem. You have all testified in one way or another in opposition to S. 724. That apparently is the will of Congress, at least, as interpreted through the budget process, and the Budget Conference Committee will probably not come back with anything less than that. Given that desire, which would be the most preferable way, in your opinion, that we could spend those moneys?

I think that is an open question. If we have additional money, should we put it into youth training, in the Job Training Partnership Act, which is one possibility; could we put it in the Forest Service, or other conservation programs that we have—but keep in mind that the purpose is to alleviate the youth unemployment problem. Where could we best spend—assuming that the Congress is desirous to spend $500 million—where could we best spend it to help out the youth unemployment problem?

Who wants to go first? Mr. Hite, go ahead.

Mr. Hite. I will take that one on, Mr. Chairman.

In my opinion, the best way to expend those funds is in a program that is obviously targeted and that develops long-term skills for the continuance of employment of the individuals involved.

Senator Quayle. When you say "targeted," do you mean targeted on economics——

Mr. Hite. Yes, sir, on an economic basis.

Senator Quayle [continuing]. Or an unemployment basis—or both?

Mr. Hite. Both. I think they are almost synonymous. Both, yes, sir.

Senator Quayle. But they would not be. In the Job Training Partnership Act, the youth that we target are economically disadvantaged, whereas some formulas in the last jobs bill went to areas with high concentrations of long-term unemployed, and the means tests of the economically disadvantaged were not part of that. Would you target high unemployment areas first and then the economically disadvantaged, or would you say economically disadvantaged first, and then unemployment second on the targeting, do you have any preference?

Mr. Hite. Well, recognizing, sir, that it is my personal opinion, I would go unemployment as the first priority, and economically disadvantaged situations as second.

Senator Quayle. So you think that we ought to have targeting?

Mr. Hite. Yes, sir.

Senator Quayle. Now, would you do it within the existing programs, and if so, which ones?

Mr. Hite. Well, I am partial to the Job Corps, as I indicated in my opening statement.

Senator Quayle. Is that the most effective way that we can invest our dollars from a cost basis?

Mr. Hite. To me, it is, because you are endowing the individual with a skill; you are virtually assuring him employment through the cooperation that we have enjoyed—and I believe Agriculture would support this—of the unions.

Senator QUAYLE. Mr. Miles?

Mr. MILES. I think I would agree with Mr. Hite. I think we have both problems that you have mentioned—unemployment and lack of skills. I think the lack of skills problem becomes most serious in areas of high unemployment. If there is already high unemployment in an area, and a young person also lacks employable skills, he is facing a double problem, and I think that is a problem that needs to be addressed first. As far as how to do this, I am not familiar with all the job training legislation that there is, so my answer will necessarily be very parochial on this, but we do in the Forest Service have 18 Job Corps centers that we manage. Our success rate, as Interior's has been, has been very good. Young people come out of that with both better educational skills and better job skills, and the real, long-term problem of hardcore unemployment, we feel, would best be dealt with through that kind of program.

Senator QUAYLE. Dr. Vieth?

Dr. VIETH. I have to explain that the Department of Health and Human Services does not administer employment programs. It is curious to propose that HHS operate title 111-A because it is an area that we do not have that much expertise in.

Senator QUAYLE. But this legislation, S. 724, gives you that responsibility.

Dr. VIETH. Yes.

Senator QUAYLE. Well, did you ask for it?

Dr. VIETH. No, we certainly did not, no.

Senator QUAYLE. Where should it be—over in the Department of Labor?

Dr. VIETH. Yes. They conduct job programs now——

Senator QUAYLE. I got the message; you do not need to say anything further.

So in other words, you would just really prefer that as far as giving you jurisdiction as far as expertise, you did not solicit it, and it would probably be difficult from an administrative point of view to carry that out; am I correct?

Dr. VIETH. That is correct. In the last 48 hours, I have had an opportunity to study the issue. I really feel that the Job Training Partnership Act can achieve the purposes of this legislation.

Senator QUAYLE. You just started studying it in the last 48 hours?

Dr. VIETH. That is right.

Senator QUAYLE. On this particular bill.

Dr. VIETH. I have had a copy of this bill before this. In preparing to testify on this proposal, it is difficult for us to gain a perspective on employment programs and issues in the United States when this is not within our current responsibilities.

Senator QUAYLE. Don't you have enough to do over there without having this additional burden?

Dr. VIETH. Absolutely.

Senator QUAYLE. I have one other question, and I think this is probably for Mr. Hite and Mr. Miles. A number of the supporters of the ACC state that for each dollar invested, you get a return of about $1.20. I wonder if you can compare this benefit of investing an additional dollar in the Forest Service or other conservation programs, and what kind of a return that would yield, as well. Would it be $1.20? Would it be higher than $1.20? Do you think the return would be better as a per-dollar basis of investment?

Mr. **Hite**. Mr. Chairman, that is an area where we really do not have good data to offer with respect to our continuing programs and the return on investment. We do feel that the Youth Corps and the Young Adult Corps programs—and I speak for the Park Service and the Fish and Wildlife Service; Mr. Miles will address the Forest Service—we do feel that the programs pursued there were low-priority programs, that in many instances, they would not have been accomplished by the regular work force.

I would have to state to you that the permanent work force and the summer work force that we employ through other means is more expensive. We have young men and women working for the minimum wage under the Young Adult Corps and the Youth Corps or the ACC program, whereas the people we employ on a regular basis would make more money. So it will be difficult to compare the return on investment for the continuing projects of these agencies, rather than the finite projects that the ACC would work on.

Senator **Quayle**. I wonder if you might be able to do some sort of an analysis for us. Obviously, you are not prepared today to do that. But I think it would be very instructive for us, because one of the stronger arguments for investing this money in the ACC is the return on investment. I would imagine that if we were to find out that the per-dollar basis of return on investment is equal or higher than some of the other conservation programs or the Corps service programs, that would be a factor of considerable interest to the members of this committee. So I wonder if you might be able to submit for the record some analysis of this particular question.

Mr. **Hite**. Yes, sir, we will take that on, and give you our best effort.

[The information referred to follows:]

United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

JUN 13 1983

Honorable Dan Quayle
Chairman, Subcommittee on Employment
and Productivity
Committee on Labor and Human Resources
United States Senate
Washington, DC 20510

Dear Senator Quayle:

This is in reference to hearings before your subcommittee May 26, 1983 on the youth employment provisions of S.724, "The Youth Employment and Economic Assistance Act of 1983."

We were asked to submit for the record an analysis of the cost/benefit return of the Youth Conservation Corps (YCC) and Young Adult Conservation Corps (YACC) programs compared against the traditional regular work-force programs administered at Interior.

For the YCC and YACC, guidelines were issued to estimate the cost of work accomplished under these programs if it was required to be performed by contract or force account. No comparable instruction was issued for the other programs at Interior. Accordingly, a comparison cannot be made as you requested.

Sincerely,

Richard R Hite

Principal Deputy Assistant
Secretary-Policy, Budget and
Administration

Senator **Quayle**. Mr. Miles, do you have anything to add to that?

Mr. **Miles**. When we say we return $1 for every $1 invested, we are really saying that the value of the work is the comparable cost of performing that work by regular contract. In other words, it is less expensive to do work through the Young Adult Conservation Corps or Youth Conservation Corps because we pay the minimum wage. The $1.20 is a comparison of the cost of contracting that same work versus doing it through one of the youth programs. It does not really deal with the issue of the value of the work performed. I think, because most of the work performed by youth programs is lower priority work and because many of the youth are not old enough to use power tools and do some of the other things that are normal in forestry work, my guess is that, although the cost is less, the actual value to the public is also less than the value of performing our regular programs. But like Interior, we also, do not have a firm figure for the value of the work other than as I have described it. We are a multiple-resource agency. We do work on the national forests to protect watersheds, wildlife habitat, timber, minerals, and a number of other purposes. The value of that work differs by the kind of work that we are doing on each acre. We try to recognize all the values that work has. So it would be very, very difficult for us to assign a true benefit or true value for all the work we do on the national forests. We would be happy to look at some of the data that we have and supply it.

Senator **Quayle**. I would appreciate your looking at the data and submitting it for the record—even though it may not be exact, it would at least give us a comparison, if you can make the assessment that either it is going to be more cost-effective on a per-dollar investment, or not. I think you can probably come to that conclusion in general terms. You may not be able to put $1.56, an exact figure on it, like but you can say it is going to be equal or above, or equal or below, and that is what we are interested in.

Gentlemen, thank you very much.

[The information referred to follows:]

United States
Department of
Agriculture

Forest
Service

Washington
Office

12th & Independence SW
P.O. Box 2417
Washington, DC 20013

Reply to: 1800

Date: [illegible] 1981

Honorable Don Quayle
Chairman, Subcommittee on Employment
and Productivity
Committee on Labor and Human Resources
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

This is in response to the committee's request for a comparison of work values when projects are done by Youth Conservation Corps (YCC), Young Adult Conservation Corps (YACC), and the regular work force.

Our guidelines for determining appraised value of work accomplished in the YCC and YACC programs state that the "appraised value of each project is the estimated cost of the project if done by contract (by private outside parties)...." We do not have comparable instructions for determining value of work accomplished in our regular work program. In other words, estimated values based on estimated costs if the project were contracted, is a system applied only to Human Resource Programs. In our regular work program, planned projects are justified on the basis of public need, service to the public, and the value of commodity outputs measured against production costs.

Sincerely,

for R. MAX PETERSON
Chief

Senator **Quayle**. Our next panel is Ms. Hickman, Ms. Degonia, Mr. Ostrower, and Dr. Williams.

"Keep it Simple." We want everyone to see that motto right there. I agree.

Ms. Hickman?

STATEMENT OF NANCY HICKMAN, CHIEF, CIVILIAN CONSERVATION CORPS, COLUMBUS, OHIO; MARY E. DEGONIA, DIRECTOR OF BUSINESS AND GOVERNMENT RELATIONS, NATIONAL YOUTH EMPLOYMENT COALITION, WASHINGTON, D.C.; JAY H. OSTROWER, SENIOR RESEARCH ASSOCIATE, BOSTON UNIVERSITY, INSTITUTE FOR EMPLOYMENT POLICY, BOSTON, MASS.; AND DR. CRAVEN E. WILLIAMS, MEMBER, NATIONAL BOARD OF DIRECTORS, CAMP FIRE, INC., WASHINGTON, D.C.

Ms. **Hickman**. Good morning, from Ohio, Mr. Chairman.

My name is Nancy Hickman. I am chief of Ohio's Civilian Conservation Corps. I am here today to speak for those who cannot speak for themselves—the unemployed youth of this Nation, our lost generation.

Since 1977, Ohio has had a reestablished 3-C program and has provided gainful employment for nearly 6,000 males and females between 16 and 23 years of age, from all economic, ethnic, and racial backgrounds. This underscores thousands and thousands of meaningful work experience hours completed toward projects that stand proudly as monuments to their labors.

To further celebrate this 50th year of a program that works, it behooves us to recall a few passages of the Corps' origin.

William Menry James, the philosopher, who had published an essay, "The Moral Equivalent of War," in 1910, planted the first seeds that led to the creation of the CCC in the years of the Great Depression:

> If now—and this is my idea—there were, instead of a military conscription a conscription of the whole youthful population to form for a certain number of years a part of the army enlisted against nature, the injustice would tend to be evened out, and numerous other goods to the Commonwealth would follow. The military ideals of hardihood and discipline would be wrought into the growing fibre of the people; no one would remain blind as the luxurious classes now are blind, to man's relations to the globe he lives on, and to the permanently sour and hard foundations of his higher life. To coal and iron mines, to freight trains, to fishing fleets in December, to dishwashing, clotheswashing, window-washing, to roadbuilding and tunnelmaking, to foundries and stokeholes, and to the frames of skyscrapers, would our gilded youths be drafted off, according to their choice, to get the childishness knocked out of them, and to come back with healthier sympathies and soberer ideas. They would have paid their bloodtax, done their own part in the immemorial human warfare against nature; they would tread the earth more proudly, the women would value them more highly, they would be better fathers and teachers of the following generation.

Today, Mr. Chairman, the Corps still does this for our youth, who feel a sense of hopelessness and find their way to our ranks. The Corps provides the mortar for helping many a young enrollee get it together during their stay with us. The Corps, however, is not for everyone, nor in this age of global expansion, is sitting behind a typewriter or computer all day or flipping hamburgers.

These young citizens, too, are seeking answers in finding a relationship to Mother Nature. This comes from becoming a soil soldier, as we all must if we are to conserve and preserve the vestiges of our earthly inheritance—our natural and human resources.

Why have enlistments in the military skyrocketed recently? The answer is obvious: a lack of job and college opportunities. Our young people want to be active, alive, hopeful, and productive participants who contribute to society. By protecting programs or institutions that foster these values, we provide a constructive foundation on which our youth can build.

Gone are the days of finding easy full-time employment right after high school in a gas station, industry, or business that would support a college education or a family. Gone are the markets of the last 40 years. Gone are so many opportunities for a better education and a better way of life for those who are disadvantaged. Uncle Sam, who still needs us, no longer is available lately for those who need him.

Ohio's CCC program does support those individuals for up to 1 year. When an enrollee is selected and cannot afford transportation to our camp, we purchase him a bus ticket. This is one mark of a caring government. In Ohio, we have a compassionate legislature that has defined its concern for our loss of young people to the Sun Belt and for their desperate struggle for survival by its expression of support of over $13.3 million in the house version of our State's budget. Amended substitute house bill 291 calls for the creation of two new residential camps and two new nonresidential camps scattered about the State.

Our on-the-job training has been just that in this budgetary year, and we contemplate a training academy that addresses most facets of the CCC life, the work ethic, and it also weeds out those who do not demonstrate a willingness to help themselves and improve Ohio.

We are interested more substantively in a year-around concept rather than short-term solutions of summer programs that are expensive to administer and only temporarily solve needs.

We would also suggest from our past 5 years of operation that input from a participating State who has demonstrated perseverance in the face of hard times as Ohio has, be allowed to help in formulating some guidelines where compliance is desired by the masses. The early motto, "Keep it Simple," should be a constant reminder. We hope that this will be permitted.

Senator QUAYLE. Your time has expired. Your entire statement will be submitted in the record. Thank you very much.

Ms. HICKMAN. Thank you.

[The prepared statement of Ms. Hickman follows:]

DEPARTMENT OF NATURAL RESOURCES
OHIO
DIVISION OF CIVILIAN CONSERVATION

HEARING

Sub-Committee -- Employment & Productivity

Dirksen Senate Office Building

Room 430 - 9:30 a.m.

March 26, 1983

Re: American Conservation Corps

Testimony by Nancy Hickman, Chief

Ohio's C C C
1889 Fountain Square, Bldg.F-2
Columbus, Ohio 43224 (614) 265-7057

Mr. Chairman and members of the Committee:

My name is Nancy Hickman, I am Chief of Ohio's Civilian Conservation Corps. I am here to speak for those who cannot speak for themselves, the unemployed youth of this nation, our "lost generation".

Since, 1977, Ohio has had a re-established 3-C program that has provided gainful employment for nearly 6,000 males and females between 16-23 years of age from all economic, ethnic and racial backgrounds. This underscores thousands and thousands of meaningful "work experience" hours completed towards projects that stand proudly as monuments to their labors.

To further celebrate this 50th year of a program that works, it behooves us to recall a few passages of the Corps' origin.

Henry James, the philosopher, who had published an Essay, The Moral Equivalent of War in 1910, planted the first seeds that lead to the creation of the CCC in the years of the Great Depression.

> All the qualities of a man acquire dignity when he knows that the service of the collectivity that owns him - needs them. If proud of the collectivity, his own pride rises in proportion. No collectivity - is like an army for nourishing such pride; but it has to be confessed that the only sentiment which the image of pacific cosmopolitan industrialism is capable of arousing in countless worthy breasts is shame at the idea of belonging to such a collectivity. It is obvious that the United States of America, as they exist today, impress a mind like General Lea's, as - so much human blubber. Where is the sharpness and precipitousness, the contempt for life, whether one's own, or another's? Where is the savage "yes" and "no"? Where is the conscription? Where is the blood-tax? Where is anything that one feels honored to belong to? "

Today, members of the Committee, the Corps still does this for our youth, who feel a sense of hopelessness and find their way to our ranks. The Corps provides the mortar for helping many a young enrollee "get it together" during their stay with us. The Corps, however, is not for everyone -

nor in this Age of global expansion -- is sitting behind a typewriter or computer all day or flipping hamburgers. These young citizens, too, are seeking answers in finding a relationship to Mother Nature. This comes from becoming a "Soil Soldier" as we all must, if we are to conserve and preserve the vestiges of our earthly inheritance --- our natural and human resources.

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In Ohio we have a compassionate Legislature that has defined its concern for our loss of young people to the Sun Belt and for their desparate struggle for survival by its expression of support of over $13.3 million in the House version of our State's budget. Am. Sub. H.B. 291 calls for the creation of two new residential camps and two new non-residential camps scattered about the state. Our On the Job Training has been just that but in this budgetary year we contemplate a Training Academy that addresses most facets of CCC life, the work ethic and weeds out those who do not demonstrate a willingness to help themselves and improve Ohio.

We are interested more substantively in a year round concept rather than short term solutions of summer programs that are expensive to administer and only temporarily solve needs.

We would suggest also from our past five years of operation that input from a participating state who has demonstrated perseverance in the face of hard times as Ohio has, be allowed to help in formulating some guidelines where compliance is desired by the masses. The early Motto: Keep It Simple should be a constant reminder. We hope that this will be permitted.

I quote here again once more from the Moral Equivalent of War by Henry James:

> "If now -- and this is my idea -- there were, instead of a military conscription a conscription of the whole youthful population to form for a certain number of years a part of the army enlisted against Nature, the injustice would tend to be evened out, and numerous other goods to the commonwealth would follow. The military ideals of hardihood and discipline would be wrought into the growing fibre of the people; no one would remain blind as the luxurious classes now are blind, to man's relations to the globe he lives on, and to the permanently sour and hard foundations of his higher life. To coal and iron mines, to freight trains, to fishing fleets in December, to dish-washing, clothes-washing, and window-washing, to road-building and tunnel-making, to foundries and stoke-holes, and to the frames of sky-scrapers, would our gilded youths be drafted off, according to their choice, to get the childishness knocked out of them, and to come back into society with healthier sympathies and soberer ideas. They would have paid their blood-tax, done their own part in the immemorial human warfare against nature: they would tread the earth more proudly, the women would value them more highly, they would be better fathers and teachers of the following generation."

Ohio spent it's last federal dollar towards this program March 26, 1982 and suffered severely. As demonstrated fifty years ago, this program restored confidence to a confused, hungry and hopeless youth of our nation, this program holds the same capability today among Ohio's nearly 24% unemployed (statewide) who are in the discouraged worker category. Temporary and dead end jobs fuel the fires of discontent. The Corps provides much more than a job. It is an attitude, a feeling of belonging and well-being. The Tax-payer benefits in three important ways:

1. Improved public lands (parks and forests) -- for their leisure time.
2. A better place in which to live and rear families.
3. Wise management of natural resources that will encourage and stimulate economic growth in our beautiful State.

Attached is a copy of Ohio's chronology of events since 1977, another document which encorporates todays operation and our budgetary projections, plus our Handbook for Corpsmembers.

The Ohio program is wholly compatible with the American Conservation Corps with minor adjustments.

Ohio has put its money where its commitment is. Will this Chamber match the commitment demonstrated for that "lost generation" by the Congressional House of Representatives in its 301-87 vote?

Thank you for hearing me out.

Nancy
Hickman

Senator QUAYLE. Ms. Degonia?

Ms. DEGONIA. Thank you, Mr. Chairman.

I am here today to testify on behalf of Jeff Newman, the chairman of the National Youth Employment Coalition, who could not be with us today.

As you know, the coalition grew about 4 years ago out of a concern for employment opportunities for young people. The coalition member agencies are now 25, ranging from United Neighborhood Centers, National Child Labor Committee, OIC's of America, Girls' Clubs of America, National Council on LaRaza, 70001, et cetera. Our member agencies serve hundreds of thousands of young people annually.

The coalition firmly believes that our country's strength, security, and internal welfare ultimately depend upon our youth. The single most powerful defense is a population of healthy, educated, trained, and enthusiastic young people who are committed to the ideals of America.

Furthermore, the coalition believes that everyone who wants to work should have an opportunity to do so. Rather than encouraging a welfare state, thereby accepting some 7 to 9 million people who are not needed in the economy and should instead be given Government handouts, we believe that people should be allowed the opportunity to work and to be trained for that work.

We are here today to look at Senator Stafford's S. 724, the Public Investment/Jobs Act of 1983, and we also took a look at Senator Kennedy's entitlement components of his jobs bill, S. 493.

In general, we believe that Congress should take leadership and establish a national youth employment policy that is comprehensive—Senator Quayle, you talked about that several times, and establishing a separate, independent board to specifically look at employment policy in this country and to administer programs. We think that programs authorized under that policy should include the Job Training Partnership Act, an expanded Job Corps, targeted jobs tax credit, vocational education, alternative education programs, a major literacy effort, and publicly supported work experience.

I would like to today just highlight some issues that we think are critically important in a youth work experience bill and that the Senate should look at while you are drafting this important piece of legislation.

The first is targeting. We feel in times of fiscal restraint that it is critically important to target not only persons who are in need, but also to geographic areas in need. In addition, therefore, we would limit participation to any youth work experience bill that you consider to persons who are economically disadvantaged, as defined in the Job Training Partnership Act, but we would also include the 10 percent "window" that is in the Job Training Partnership Act for persons with other barriers to employment. Additionally, we would exclude handicapped youth, youth who are involved in the juvenile justice system, and teen parents from income eligibility; they could be automatically eligible.

Therefore, we would support the targeting provisions of Senator Kennedy's bill, with modifications, and we would recommend more stringent targeting of S. 724.

Next, the coalition strongly believes that equity of services should go to dropouts. High school dropouts are one of the most high risk populations in the United States. According to the National Center of Education Statistics, 28 percent of the Nation's ninth graders will not finish high school, so we feel it is critically important to target that population.

If you look at the unemployment rate for black youth who have dropped out of school, it is about 73.1 percent.

Therefore, we commend Senator Kennedy for requiring equity of services for dropouts, and we would recommend that S. 724 would include the same mandate.

Next, we would like to address service delivery. We feel that any new jobs bill that is targeted to youth should be critically linked with the delivery system in the Job Training Partnership Act. We do not necessarily feel that that is true for any adults' jobs bill that you might look at.

The Job Training Partnership Act provides the structural framework in which youth jobs programs can be delivered. If the intent of Congress is for real and not make-work job experiences, if you want to give a priority to make significant changes in the long-term employment of the disadvantaged, we think it would be a good idea to have the PIC's have the responsibility to insure that work experience programs, whether they are conservation work experience programs or just community work experience programs, are not make-work, and the PIC is a good place to do that.

If you would look at the Young Adult Conservation Corps, we think that that should also be closely linked to the delivery system in the Job Training Partnership Act, so they could feed an eligible population into the YACC.

Next, to address is training requirements. We think that any job creation program for youth ought to mandate to be totally tied to training; that youth could not participate unless they were involved in a training opportunity. Those training opportunities should either be returning to school, participating in public schools and alternative schools, or in community-based training facilities. Also, the Job Training Partnership Act has the moneys for training, so you would not have to tap into the job creation bill you are looking at now.

Therefore, we would support Senator Kennedy's approach mandating training or education combined with work experience, and we would recommend that Senator Stafford's bill does the same.

Thank you.

Senator QUAYLE. Thank you very much.

[The prepared statement of Ms. DeGonia follows:]

PREAPRED STATEMENT OF MARY ELISE DEGONIA, NATIONAL YOUTH EMPLOYMENT COALITION

Mr. Chairman and distinguished members of the Subcommittee on Employment and Productivity, we are again honored to testify on behalf of the National Youth Employment Coalition. The Coalition was born four years ago out of concern for improving and expanding education and employment opportunities for youth. The Coalition member agencies represent a broad spectrum of service providers, including: United Neighborhood Centers, National Child Labor Committee, O.I.C.s of America, Girls Clubs of America, National Council on LaRaza, 70001 Ltd., and the National Youth Work Alliance. Our member organizations serve hundreds of thousands of young people annually nationwide.

The National Youth Employment Coalition firmly believes that our country's strength, security, and internal welfare ultimately depend on our youth. The single most powerful defense is a population of healthy, educated, trained, and enthusiastic young people who are committed to the ideals of America.

Furthermore, the Coalition believes that everyone who wants to work should have the opportunity. Rather than encouraging a welfare state--thereby accepting that some 7-9 million people are not needed in our economy and should instead be given government handouts--we must emphasize the need for all citizens to be prepared for and able to work.

The Senate Subcommittee is here today to explore the Youth Provision of Senator Stafford's bill S.724, The Public Investment/Jobs Act of 1983, and Senator Kennedy's measure, S.493, The Energy, Jobs, Training and Funding Assistance Act.

In general, we believe that the Congress of the United States should establish a comprehensive National Youth Policy to meet the needs of unemployed youth. Programs authorized under this policy should include the Job Training Partnership Act, an expanded Job Corps, Targeted Jobs Tax Credit, vocational education, alternative education programs, and publicly-supported work experience.

The Coalition applauds those Members of the Senate who have shown both compassion and commitment to the nation's youth. The work done by Senators Kennedy and Quayle to ensure the services for youth under the Job Training Partnership Act, for example, will have a positive impact on literally millions of young lives for years to come. We applaud Senators Kennedy and Stafford for offering the bills before us today.

The Coalition offers the following recommendation to the bills examined here today.

Targeting

The National Youth Employment Coalition believes that in times of fiscal restraint, federal dollars expended for job creation should not only go to persons most in need but also to geographic areas of greatest need.

Furthermore, specific targeting for youth is strongly urged based on their disproportionate representation among the numbers of unemployed. The following are the March 1983 unemployment rates seasonably adjusted according to the Bureau of Labor Statistics:

Unemployment Statistics

April 1983

	March
Total	10.1
All youth	23.5
White youth	21.4
Black youth	43.5

We would limit participation to youth who are defined as economically disadvantaged in the Job Training Partnership Act. The jobs bill must also provide for equity of service to minorities and women. We would also suggest a 10 percent "window" for youth who are not economically disadvantaged but who have other barriers to employment. Additionally, we would exempt handicapped youth, youth who are involved in the juvenile justice system, and teenage parents from income eligibility.

We support S. 493 targeting provisions with modifications, and we would recommend stringent targeting of S. 724.

Equitable Services to Dropouts

The National Youth Employment Coalition requests that throughout the Subcommittee's deliberations, you keep high school dropouts constantly in mind and place a priority on service delivery to this group. They are individuals who at an early age begin to experience significant spells of unemployment. The discouragement and loss of self-esteem they face often result in their becoming the bedrock of the permanently-unemployed adult population.

The following is an example of dropouts' disproportionate representation of the unemployed according to The Employment and Training Report of the President:

Unemployment Rates

October 1981 High School Dropouts or Graduates:

White Graduates	17.1 %
Black Graduates	53.5 %
White Dropouts	29.0 %
Black Dropouts	73.1 %

According to the National Center for Educational Statistics, 28 percent of the nation's ninth graders will drop out of high school before their senior years.

We recognize the difficult task you have to allocate few resources among the many in need. We are convinced, however, that equity of services to high school dropouts based upon their percentage of the eligible population is essential to help break a self-perpetuating cycle of unemployment and poverty.

We commend Senator Kennedy for requiring equity of services to high school dropouts. We would recommend that S. 724 mandate the same provisions.

Service Delivery

Any youth jobs provision under consideration by this Committee should be linked with the delivery system established by the Job Training Partnership Act.

The Job Training Partnership Act provides the structural framework in which youth jobs can be delivered. The intent of Congress for real and not make-work experiences must remain a priority if we are to make significant changes in the long-term employability of the disadvantaged. It is clearly the responsibility of the Private Industry Council (PIC) to ensure that the established structure of JTPA provides the best vehicle for comprehensive delivery of a federal jobs policy for youth.

We would also suggest that the Young Adult Conservation Corp be closely coordinated with the delivery system established under JTPA.

Training Requirements

As stipulated in the Job Training Partnership Act, training is an integral element to ensuring stability and mobility in the labor market. Short-term government-sponsored jobs cannot stand alone as the solution to our country's unemployment dilemma. This is especially true for youth who often lack minimal labor market experiences, basic skills, and employment competencies.

The National Youth Employment Coalition believes that any jobs provisions for youth should be accompanied by education and training opportunities. Training programs should be focused on the basic educational and employability skills necessary for long-term employment and economic self-sufficiency.

The alternatives for providing necessary training to unemployed youth are already in place. Thousands of young people, many disadvantaged and school dropouts, will not return to traditional school systems for education or training. Many potential recipients could receive education and training in public or nonprofit alternative schools, as well as through community-based organizations' training facilities. Access to necessary training and remediation for those most in need can best be met through support to public schools and community-based organizations as well. Any jobs bill should clearly state that alternative delivery systems for education and training of unemployed youth are acceptable and encouraged.

We therefore support Senator Kennedy's approach mandating training or education combined with work experience and recommend that Senator Stafford's bill expand training and educational opportunities for eligible youth.

Role of Community-Based Organizations

Historically, community-based organizations developed from the inability of traditional institutions to provide needed services to their local communities. Community-based, voluntary, and grassroots neighborhood programs have demonstrated effectiveness in delivering employment services to a population often not reached by traditional institutions.

Over the past years, millions of dollars have been expended to support the development and strengthening of community-based organizations. Furthermore, federal funds have been spent under the Youth Employment and Demonstration Projects Act identifying effective strategies of community-based employment and training services to disadvantaged youth. It is important that we utilize these strategies and not negate the value of these programs in establishing alternative training systems for youth. We urge you to maintain a significant role for CBO's in the administration, planning, and service delivery of employment opportunities under consideration here today. Furthermore, any youth jobs provision should state that special consideration shall be given to community-based organizations of demonstrated effectiveness.

We applaud both S. 724 and S. 493 for their inclusion of CBO's, but the Coalition would ask for more stringent language.

Conclusion

On behalf of the National Youth Employment Coalition and the thousands of young people we serve, I thank you for this opportunity to provide our support and detail our concerns as you design this critical legislation. Our young people are America's future. But literally millions of youth may be left permanently behind if they are unable to obtain the education and training to adapt to a changing world.

The Coalition looks forward to assisting this Subcommittee in this important endeavor.

Senator QUAYLE. Mr. Ostrower?

Mr. OSTROWER. Thank you.

I am very happy to be here. I served as one of the evaluators of the large national demonstration projects administered under the youth community conservation and improvement programs. The Department of Labor created three program types. There were the initial formula-funded projects, the small, restricted projects that went through the prime sponsors; there was a large, 10-city, HUD-administered demonstration project that went to CDC's, and there was the ventures in community improvement demonstration that was large, provided financial flexibility, and mandated training, union involvement and other kinds of enriched program services.

In viewing the programs over the 2 years that they were in operation, the enriched programs had more participants enter skilled trades, at higher wage levels. In addition, other, longer term employment benefits are clear from those programs that had higher skill supervision and additional training.

Also, in looking at the projects, positive youth outcomes definitely correlate with those projects that were well run.

And as a personal note that I would like to add, that I found many of the YCCIP projects particularly good at working with dropouts, in a way that other types of programs were not able to do. The better projects provided an excellent entry work experience for youth who had unsuccessful work in record or no work history at all.

I would like to provide the committee with an idea of what it takes to administer a good work project. First, there needs to be sophisticated work for the youth to do. That means a minimum project size. You cannot have small projects. You have to have skilled supervisors. There needs to be planning and preparation time for any organization that is going to run this kind of program. There needs to be a local match for materials. There needs to be some way of providing the materials, and I think the projects probably need to operate for more than a year.

Second, supervision is the key to the youth output, and to what happens to the kids. There has to be good, skilled supervision, and the skilled supervision, of course, has to paid appropriate salaries, and the projects have to have the flexibility to provide it.

Third, the organizations that run these projects—they are very, very complex projects to run—you are juggling assisting youth, organizing work providing training, and therefore, you have to find organizations that have the capability of running these complicated efforts.

And fourth, projects must be run like private worksites. There should be salaries for youth workers, and there has to be discipline and work, management as on a private worksite.

I would like to add that there has to be other kinds of inputs as well. One, there has to be job placement from the start. Many of these projects did not have that. That has to be built in, employer involvement, and/or the unions have to be built in from the start in the design of these projects.

In addition, skilled training has to be consciously organized. It was not in all of the projects. Many of the kids had literacy problems. Many of the youth in the projects were reading at a third to fifth grade level, and many of them had to learn how to measure before they could be involved in the skill training. The projects that were able to have higher job placement rates were those that had more advantaged kids and had the high school graduates.

The benchmarks for these programs have to be pitched to the nature of the youth who are in these programs.

Again, I would like to emphasize the need for literacy education and the need to be sure that many of the projects try to teach kids to read and write, and develop mathematical skills. Work experience, particularly in construction, was for many of the youth an excellent way to start to learn basic skills.

Thank you.

Senator QUAYLE. Thank you.

[The prepared statement of Mr. Ostrower follows:]

Prepared Statement of Jay H. Ostrower, Senior Research Associate, Boston University, Institute for Employment Policy

I would like to present information to you as one of the evaluators of one of the large Youth Community Conservation and Improvement Programs (YCCIP) demonstration projects funded under the Youth Employment Demonstration Programs Act (YEDPA).

As part of the YCCIP program, three different types of programs were funded. The study in which I personally participated evaluated *one* of these projects, the HUD/YCCIP demonstration. As part of this research project, we reviewed and compared the HUD programs with those funded through the other large demonstration project as well as those funded through prime sponsors. We conducted a number of visits to program sites throughout the country and analyzed the characteristics of youth who were in the programs and the outcomes for youth as well.

The three types of YCCIP efforts were:

- *projects funded by formula through CETA prime sponsors.*

These were generally small projects with expenditure restrictions. Programs were required to spend 65% on participant related costs, a factor that created severe restrictions on funds for supervision. There also was no specification as to the nature of the work to be completed by participants, and there was no linkage or method specified as to how and where to obtain funds for materials and equipment.

- *a demonstration project funded through HUD, Office of Neighborhoods/ Voluntary Associations and Consumer Protection (NVACP) to ten community development corporations in various parts of the nation.*

Projects funded in this demonstration were considerably larger than the formula funded projects: $667,461 as opposed to $191,224 for the formula funded projects in our sample. Organizations had considerable community improvement experience. Projects were held to the 65% rule, but there was an expectation that they would do rehabilitation work and would leverage the funds necessary to pay for increased supervision costs and for materials and supplies.

- *the Ventures in Community Improvement (VICI) Demonstration, administered through an intermediary, the Corporation for Public/ Private Ventures in eight sites throughout the country.*

This project provided grants equal to the size of the HUD demonstration, but allowed projects greater financial flexibility. They were only required to spend 55% on participant costs. They were required to hire union journeymen and, in crews, were required to have a 1:6 ratio of journeymen to participants. Linkages were also required with unions, "work providing" agencies and prime sponsors. There was a clear expectation that the work to be completed would be skilled home repair, weatherization or rehabilitation.

In establishing the distinctions among the three projects the Department of Labor, Office of Youth Programs was attempting to determine if there would be a difference in community and youth outcomes, between the "enriched" projects and the more restrictive formula funded projects.

Some of the comparative findings include the following:

1. While there were approximately equivalent percentages of youth obtaining unsubsidized employment and positive termination rates, among the three projects, the participants completing the HUD and VICI demonstrations had a higher percentage of participants enter construction related trades and also had a higher wage gain for participants. The VICI projects had a significantly higher wage gain and much higher percentage of participants entering union apprenticeship programs. However, it also appears that the VICI participants

had higher wages prior to entering the program. They were also older than the HUD and formula funded project participants.

While it was clear that the jobs obtained by VICI and HUD participants were more training related, the formula funded projects had a higher percentage of participants enter clerical trades.

2. An increased length of stay in the HUD and VICI projects was of positive benefit to the youth. Those who were in the program longer had higher positive termination rates and a higher rate of entering unsubsidized employment. This was less true for the formula funded projects and probably indicates a benefit from increased participation in the program. It should also be noted that youth stayed longer in the more demanding programs.

3. A follow-up survey conducted by VICI indicated that higher percentages of VICI and HUD participants were employed after eight months.

4. Even though it appears that the VICI program, in particular, had a positive job benefit, it should also be noted that the formula funded and HUD programs had a higher rate of participants returning to school and obtaining other positive outcomes.

* * *

While the studies focused on comparing the two demonstrations with the formula funded projects, there are probably a number of key variables that we have identified that should be considered when viewing the youth construction projects. One should not simply consider replicating one of the demonstrations. Probably the ideal project combines the best features of the HUD and VICI demonstrations, concerns for supervision and training with a high quality neighborhood based community improvement organization.

I hope that you will forgive a small editorial. Having worked with the programs and the youth who participated in them, I feel that these programs are worthwhile, when they are well organized. They afford youth, particularly dropouts with few other opportunities, the chance to do useful work, from which they are also able to learn practical skills. The work is useful to the community and individuals, and the youth take great pride in their accomplishment. They work with skilled individuals, who have a career and a successful livelihood and who often serve as role models. Through the successful work experience, youth are able to decide the direction they wish to take, either to seek a job or go for additional education. For many of the youth who have completed the program, the experience has served as a "springboard" to other opportunities.

Work programs, such as the YCCIP projects that include supplementary educational and support services, serve as an excellent first experience for many dropouts. (For instance, it should be noted that the HUD projects were 76% male and the VICI projects were 81% male.) In a comprehensive system of youth education and job training services, these work programs would serve as an important first step for many who would not initially enter a non-stipended education or training program. These youth seek a job and income, although many are not ready for success in the job market. For these youth, work projects provide an orientation to the work environment and often assist them in defining their job goals, in identifying their deficits and in helping them clarify the next steps they need to take to achieve them. It is important that these programs not be viewed as isolated program elements, but they must be considered as part of an overall strategy to assist these youth.

Many of the lessons learned from the projects seem like common sense, but given the many problems that the YCCIP programs encountered as well as some of the constraints erected by the old legislation, I would not be so sure that what I am about to say is self-evident.

I. What are the requirements for a well run, successful project, and what are the legislative implications of these concerns?

A. Youth must have sophisticated work to do and from which to learn.

The nature of the work that participants engage in is particularly important. The skill level determines what youth might learn on the project. It is therefore important to specify in the legislation the type of projects that will be allowable. Low skill activities, such as, clean-up and maintenance, for instance, should not be permitted.

From the successful planning for the construction work which would be at a particular level of skill and sophistication, all other variables concerned in project administration follow. Skilled work, however, can vary from home repair to rehabilitation to new construction. Reasonably sophisticated work requires money for materials and equipment, advanced planning and design, skilled manpower in a variety of trades and organizational experience and capability. Very small projects are unable to provide these qualities, and a minimum project size is probably required.

B. Work must be well planned and available when the project begins.

There have been too many instances when work was not available at the beginning of projects and many examples of "down time" while projects have been underway. Problems have often been caused by poor planning aggravated by agencies in a hurry to spend funds on a schedule. Planning time is required prior to participant hiring, and hiring schedules must be allowed to reflect work realities not expenditure schedules. In addition, provisions must be made for linking the funds for labor with the funds for materials, so that all funds are available when projects begin. Money for materials and supplies can be linked in the legislation, can be required in a local match, or can be required to be available after a project planning phase. The sophisticated HUD/ YCCIP and VICI projects were able to leverage the funds required. However, the requirement of a local match would be extremely helpful in project development and would make the local agencies accountable and committed to the effort. In addition, a local match or contract with the recipient and purchaser of the work product guarantees a real world atmosphere.

C. *Supervisors must be highly skilled in order to do the work and to instruct youth.*

The quality of the supervision is crucial to all aspects of the project. One of the major determinants of the skill level is salary. Most of the YCCIP projects, with the exception of VICI, had expenditure limitations. They were only allowed to spend 35% on non-participant costs, therefore raising crew sizes and lowering supervisor salaries. Most YCCIP programs (VICI and HUD/ YCCIP excepted) hired handyman types for crew supervision and training. This cut costs, but did not allow for high quality supervision. Crew size must be kept to a manageable number. VICI allowed an average of six youths per crew. This allowed for tighter supervision and usually resulted in a higher quality of work produced. These expenditure limits should not be mandated; projects should be given expenditure flexibility and clearly allowed to pay the union scale wage for a particular trade to a supervisor with the requisite skills. In an area where unions are strong, it might also be useful for the supervisor to be a union journeyman. Our research indicates that the union journeymen in the VICI program were also a resource for job placement.

D. The organization that administers the project must have construction and community improvement experience.

Administering one of these projects is not a simple task. An organization must plan and organize the work, leverage the funds to pay for materials and supplies, hire and train the youth and work with the government agencies involved. Without experience in the type of construction activity in which participants will be engaged, the management of the entire project becomes difficult. There must be an experience requirement specified in the legislation. The ability of the organization to work with youth and the neighborhood as well as to organize a program of community improvement is particularly important. In allocating funds, especially if there is a minimum project size, there must be an evaluation of organizational capability and a selection process that allows for review of these factors.

One draft of legislation indicates that the CAP's may be the eligible project administrators. Although some of the CAP's have the requisite experience through weatherization and other community improvement programs, there are many other CBO's that have the experience required and probably even have projects available and planned. They should not be omitted. In addition, it might be useful for other types of organizations to be eligible, such as, housing authorities, unions and maybe even private construction contractors.

E. Youth must be paid and treated as if this were a private work site.

These projects must be organized as construction projects not as youth training programs, if they are to succeed. For instance, work site discipline is crucial, and wages must be paid and salary increments available. There should not be any attempt to link these projects with those that do not provide stipends, i.e., programs funded under JTPA.

II. *What are the needs of youth and how can they be better addressed in these projects?*

An important note from the program evaluations of the HUD/ YCCIP: It appears that there is a positive correlation between the program management factors indicated above and the positive termination rates for youth. Therefore the most important factors to plan for in seeking positive results are those associated with administering a "good" project. One crucial element that encourages "good" programs is also the quality of oversight, monitoring and technical assistance.

However, the projects when well run can also provide other benefits to the youth. The plans must be appropriate to the youth in the project. Projects with older youth, who are high school graduates, and who are not offenders can have very successful placement records. Projects with younger dropouts, with severe literacy problems might require a different set of benchmarks with which to measure project success. Project goals and plans should be required, and programs required to indicate how they would achieve the benchmarks appropriate to the entering level of the target population.

In addition, projects with less job ready youth, will require additional funds to provide those educational and counseling services required.

A. *Job Placement*

Job placement must be built into the initial management of all projects. A clear plan and structure for doing so must be required as part of the initial project design. Unions, potential employers and those who could assist with placement should participate in the development of the project, in the screening of youth and the monitoring of training. An advisory board of unions, employers, program operators and work providing organizations meeting throughout the life of the program can be one significant way to effectuate job placement.

B. *Skill Training*

Although the most important program factors required for skill training are the level of work and the quality of the supervision, it was clear in some of the YCCIP programs that improved skill training could have been provided.

Conscious training strategies are required. Training materials would have to be developed for supervisors to use with specific tasks. Supervisors would also have to be better trained to instruct. Competency based training plans with benchmarks would also be required.

However, there are two major limitations on the ability to do more extensive skill training. Most projects had enough trouble simply organizing work and solving all the problems of participants, including placement, without also having to worry about training strategies. Also literacy was often a major problem, and before programs could be concerned about supplementary classroom training, they had to improve the basic skills of participants who were reading at the third to fifth grade level.

Allowing some projects to hire more job ready youth would permit some programs to improve skill training, while allowing the others to concentrate on competency based literacy.

C. *Education and Literacy*

Literacy is a key issue that must be approached consciously in the design of most of these projects. For those YCCIP participants who were able to get a construction job and become apprentices, literacy, even for high school graduates became a limiting factor on job advancement. Time must be set aside for basic skill training and the development of required educational "benchmarks." Funds could be provided in the legislation for the basic skills education, and this would be the easiest way to proceed. However, if this is not desirable, a local linkage and matching requirement could be provided.

D. *Role of an Intermediary or Resource Agent*

In the original Ventures in Community Improvement (VICI) program, an "intermediary" (Public/Private Ventures) was used to mount, monitor and provide technical assistance to the eight cities that were VICI sites. This proved to be a very effective method to the assist projects. The intermediary was able to conduct a competition among applicants, make recommendations for awards and then proceed to assist the programs with planning their community improvement efforts and job placement programs.

If new projects are to have educational and training objectives, the need for an intermediary or resource agent may be especially acute. If they are to succeed, any program efforts that encourage "benchmarking," occupational literacy and competency based skills training will necessarily require assistance in planning, materials development as well as staff training.

* * *

In summary, urban rehabilitation projects that employ youth are not new. Many of the organizations and staff members who have run these programs under YEDPA learned the lessons of effective program operation through trial and error. These individuals have much to teach others, and their experience should not be lost, but built into any new program effort.

Also any attempt to increase, rather than simplify project goals by requiring literacy and training plans, will necessitate that other aspects of program administration be simplified. This can be accomplished by reducing "scrambling" for additional funds to provide ancillary services, by allowing projects to focus on a target population and also by providing assistance with the development of training and literacy programs.

Senator **Quayle**. Dr. Williams?

Dr. **Williams**. Thank you, Mr. Chairman.

I am Craven E. Williams, a member of the national board of directors of Camp Fire, Inc., and with me is Ms. Walli Klores, who is our Washington representative.

Youth unemployment is certainly not a new problem. I do suppose the recent economic conditions have magnified the old problem, and so we continue to deal with it anew. I am also pleased that Camp Fire has had a long and effective history in dealing with programs to prepare youth to value work and to develop the kinds of skills they need to be effective in the workplace.

For example, the camp fire youth employment and training program was funded through the U.S. Department of Labor, with a 2-year grant of $700,000. These funds were then disbursed to eight different Camp Fire units, where people were put to work. The project served youth who had the greatest needs, such as economically disadvantaged youth; young parents; juvenile offenders; persons with limited English ability, and handicapped youth.

The thing that pleases us, of course, is that in every instance, all the projects achieved their stated goals and objectives, and they did so with a definite cost savings, because of Camp Fire's already existing program delivery system, and the contributions of a sizable pool of very skillful volunteers. Last year, Camp Fire conducted a pilot project in cooperation with the U.S. Forest Service, which took place at the Mount Sopris and surrounding ranger districts in Colorado. That project was so successful that this year, 105 young people will perform similar conservation work at six additional sites in our national forests.

On April the 18th, a representative from the YMCA who was a member of the National collaboration for youth, of which Camp Fire is also a member, addressed the issue concerning title V of S. 724. The comments that were made then apply here today, and I would like to have those comments inserted into the record.

Senator **Quayle**. They will be.

Dr. **Williams**. Basically, what we said then and today is that the bill does not target the disadvantaged. The language indicates that the committee recognized that as a need, but it was not mandated in a confirmed sort of way. Second, the bill does not describe how employment, training and education are to be linked.

In addition to the two points just mentioned, we would like to recommend that the subcommittee give very serious consideration to enacting a program similar to the youth incentive entitlement pilot program which was conducted by the Department of Labor from 1978 to 1980. During this 2-year period, over 76,000 young people were employed by work sponsors at 17 different locations. The principal findings of the project are important for us to remember right now. Outreach efforts were successful in informing the eligible youth about the program. Participation rates were very high. Participating prime sponsors had a sufficient supply of jobs. The quality of work was certainly adequate. That project is proof that a sufficient number of quality jobs can be developed in a short time, and it is proof, I think, that young people are more than willing to work if they are given a good chance.

Although we believe that the youth conservation programs authorized by S. 724 would provide meaningful jobs, we believe that during this era of ever increasing youth unemployment, Congress should enact a more comprehensive youth employment program which targets the economically disadvantaged and places an emphasis on linkages between employment, training, and education.

We thank you for the opportunity you have given camp fire to express our views, and certainly, we stand ready to work with this committee in any appropriate way.

Senator QUAYLE. Thank you very much, Dr. Williams.

[The prepared statement of Dr. Williams follows:]

PREPARED STATEMENT OF DR. CRAVEN E. WILLIAMS, MEMBER, NATIONAL BOARD OF DIRECTORS, CAMP FIRE, INC., AND PRESIDENT, GARDNER-WEBB COLLEGE, BOILING SPRINGS, N.C.

Mr. Chairman and Members of the Subcommittee:

My name is Craven Williams and I am a national board member of Camp Fire, Inc. and president of Gardner-Webb College in Boiling Springs, North Carolina. I am appearing here today in place of Arnie Sherman, national executive director of Camp Fire, who had a scheduling conflict.

First, I want to thank the Subcommittee for inviting us to present our views on Title V of S. 724. We applaud the authors of the bill for their attention to the problem of youth unemployment and the Subcommittee's prompt scheduling of a hearing on the bill. Before I move into my substantive discussion of Title V, I want to tell you a little about Camp Fire and our experience with youth employment programs.

Camp Fire is a not-for-profit national organization that was founded in 1910. Its purpose then, as it is now, is to provide, through a program of informal education, opportunities for youth to realize their potential and to function effectively as caring, self-directed individuals responsible to themselves and others; and as an organization to seek to improve those conditions in society which affect youth.

Today, there are over 300 councils chartered by Camp Fire, serving a half million young people in nearly 35,000 urban, rural, and suburban communities. The philosophies and values of Camp Fire are as timely today as they were nearly a century ago, but the programs and priorities within Camp Fire have changed over the years, reflecting the changing world we live in. As social conditions have altered, Camp Fire has responded with programs designed to meet those needs.

Youth unemployment, for instance, is not a new problem, and Camp Fire has a long history of involvement in programs that prepare youth to value work and develop skills needed in the workplace. But recent economic downturns in our in our nation have magnified the problem of youth unemployment into a crisis.

Camp Fire responded with a program specially designed to encourage and expand youth employment and training programs with its councils.

The Camp Fire Youth Employment and Training program was funded through the U.S. Department of Labor, Office of Youth Programs, with a two-year, $700,000 grant. These funds were dispersed to eight (8) individual councils within Camp Fire -- which had outlined unique and specific programs aimed at their own area youth. But each of the programs funded under the DOL grant also addressed the basic problems of the unemployed youth nationwide so that it could serve as a national model for youth programs anywhere. These projects sought to serve youth most in need, i.e., economically disadvantaged youth, young parents, juvenile offenders, persons with limited English speaking ability, and handicapped youth.

Generally speaking, the progress of Camp Fire's youth employment and training projects was excellent. All projects accomplished proposed goals and objectives. Looking at the Camp Fire sites and comparing them against other youth employment and training projects, Camp Fire's projects were very good models and accomplished their goals with a definite cost saving because of the utilization of the already existing program delivery systems and the contributions of a sizable pool of skilled volunteers.

Another Camp Fire program which is relevant to discussion of the proposed Young Adult Conservation Corps is the Norrie Summer Work Project.

Last year, Camp Fire conducted a pilot project in cooperation with the U.S. Forest Service. During four weeks, twenty (20) young people performed needed conservation work at the Mount Sopris and surrounding ranger districts in the White River National Forest near Basalt, Colorado. The project was designed to provide youth with marketable skills in forestry, land and natural resource management, and recreational and educational activities. It also helped increase their understanding and appreciation of this nation's environment and heritage.

The project was so successful that this summer we have expanded the program to six additional sites located in national parks.

This year, 105 young people will perform conservation work such as preserving exotic plants in Hawaii, working in cave dwellings in Colorado, doing flood clean up in the Ozarks, and teaching ecology in New York City's Gateway Park. The youth participating in the program are selected on the basis of their skills, experience and/or career interest in natural resource management. After selection, the youth receive three weeks of instruction and direct experience in trail maintenance in wilderness areas, campground management, safety and park recreational and educational activities. The project combines two worthwhile efforts -- maintenance of our forest system and valuable training for young people.

Recommendations

Our position on Title I of S. 724 is reflected in the testimony offered before the Senate Environment and Public Works Committee on April 18 by the YMCA on behalf of the National Collaboration for Youth, of which Camp Fire is a member. I would like to have that inserted in the record at this time.

* * *

Major Points

Part A--Youth Community Conservation and Improvement Projects

Sec. 511(1) -- Definitions. We support the definition of "community based organization" as given in section 4(5) of the Job Training Partnership Act.

Sec. 511(2). We are concerned about the inclusion in "community improvement projects" of jobs (C) "involving replacing asbestos in public elementary and secondary schools" and (E) "the removal of ureaformaldehyde foam insulation," since we believe exposure to such hazardous substances is particularly dangerous to the health of young people. If young people are to be trained in jobs where these substances are involved, it is essential that stringent precautions be taken to ensure their health and safety.

Sec. 511(5). We urge that the definition of eligible youth include the categories of youth "experiencing severe handicaps in obtaining employment" that appear in section 543 of this legislation.

Sec. 511(8). We are pleased with the inclusion of both community-based organizations and nonprofit organizations as "project applicants." National Collaboration for Youth agencies have demonstrated their effectiveness in providing a broad range of employment, training, and supportive services to youth.

Sec. 515(h)(3) -- Project Applications. We commend the provision to ensure adequate numbers of trained supervisory personnel. We recommend that training should also include a knowledge of health and safety factors that need to be taken into consideration in young people's work environment in such projects.

Sec. 516(h) -- Proposed Agreements. As there is no provision in section 121 of the Job Training Partnership Act to allow for nonprofit and community-based organizations to serve as referral sources for these project participants, we believe it is important to specify their inclusion. This will in turn enhance not only the cooperative approach among public agencies, but the collaborative efforts between the public and not-for-profit sectors which are a vital part of any successful job program for youth. We strongly support the provisions specified in sub-paragraphs (2) and (3) as mandatory inclusions of any proposal submitted by an eligible applicant. Any jobs legislation should encourage services that link employment and education. When the education component is included, there have been noticeable increases in post-program employment and earnings, even for dropout youth.

Sec. 517(b)(2) -- Approval of Agreements. As mentioned above, linkages betwen employment and education are important components to be included in jobs legislation.

Part B--Young Adult Conservation Corps

Sec. 532 -- Selection of Enrollees. In addition to provisions stated in paragraph (b)(1), we urge the inclusion of the categories of youth "experiencing severe handicaps in obtaining employment" which appear in section 543.

Sec. 533(c)(5) -- Activities of the Corps. Positive work experience for youth will enhance their interest in assuming their role as responsible taxpaying citizens in the coming decades.

Sec. 535 -- Prohibitions. In addition to prohibiting certain kinds of unsafe work, it should be required that project applicants provide a safe work environment and educational programs for enrollees as well as staff to learn about health hazards and safety precautions.

Sec. 536(a)(2)(b)(ii) -- State and Local Programs. The inclusion of nonprofit agencies in this provision is essential and commendable to ensure a greater degree of overall success in any job program for youth.

Part C-- General Provisions

Sec. 543(a) -- Special Provisions. As noted above, we recommend that the language describing youth "experiencing severe handicaps in obtaining employment" be incorporated in section 511(b) and section 532. We support the mainstreaming approach of including youth of different life experiences in such a job program and providing them with the opportunity of working together. The needs of our nation today are such that it is imperative the various sectors of our society learn to work together.

Sec. 544 -- Academic Credit, Education Credit, Counseling, and Placement Services, and Basic Skills Development. In addition to the provisions included in this section, the supervisory personnel mentioned in section 515 need to have the capacity to develop the maximum opportunities for job participants to become knowledgeable of the requirements in the job market in order for them to be eligible for related trades and occupations they may wish to enter in their adult life.

* * *

In the main, we do not have any major problems with this particular bill. However, we do have major concerns setting priorities for youth employment legislation. In March, we appeared before this Subcommittee and offered our comments and suggestions on the Chairman's employment bill. At that time we critized the bill because:

(1) The bill did not target the disadvantaged. Title V of S. 724 suffers from the same deficiency.

The allocation of scarce resources has always been a central issue in employment and training policy. During severe recessions, the more advantaged suffer along with the disadvantaged. Whites, married males, and the better educated represent a larger share of the recession increment in unemployment than of stable-state unemployment. The advantaged are more likely to vote, and even though they suffer less than the "hard core," politicians respond much more generously to their plight. However, if you solve an individual's structural problem, you will have a long-term payoff. If you focus on temporary problems, there will be only temporary payoffs. The more advantaged the participants, the more likely they could get help on their own or jobs on their own, so that the opportunity cost is greater. Those pushed below the margins of eligibility in a recession surely suffer, but not as much as those pushed even further into deprivation. Scarce resources should go to those most in need with the greatest possible long-term "bang for the buck."

(2) The bill made no effort to link job creation, training, and education. Title V of S. 724 makes a better effort in accomplishing the linkage. However, it does not require it nor spell out the linkage.

We should require training or education components from the outset as part of any countercyclical work program. Where work is combined with education in this way, there have been noticeable increases in post-program employment earnings even for dropout youth. This linkage would increase the net impact of work programs on future earnings. It would prepare the work force so that five years from now, when the economy recovers and when the new growth occupations become clear, workers will be ready to take advantage of the opportunities.

In addition to the two points mentioned, we would recommend that the Subcommittee give serious consideration to enacting a program similar to the Youth Incentive Entitlement Pilot Projects (YIEPP) which was a large-scale test of school-conditioned guaranteed jobs program for teenagers from low-income families. The results from that demonstration were released and they are encouraging.

During a two year period, over 76,000 youth were employed by YIEPP work sponsors at 17 project sites across the country. The principal findings are important for the Subcommittee to consider in regard to enacting any new youth employment program. Just to mention a few:

--Outreach efforts were generally successful in informing large numbers of eligible youth about the program's availability. According to survey results in four of the large Tier 1 sites, 91 percent of those eligible at the start of the program had heard about it by its conclusion. This means that we could mount a large scale project and get the word out quickly.

--Participation rates were high. Fifty-six percent of the youth eligible at the beginning of the program had worked in a program job by the demonstration's end. Of those who heard of the program, four out of five applied to enroll, indicating that there was a great deal of interest among disadvantaged youth in obtaining minimum-wage jobs.

--Participating prime sponsors, on the whole, had a sufficient supply of jobs to keep up with the flow of new enrollees

--The quality of work in the demonstration was, on the whole, adequate or better, with some 86 percent of the worksites falling into this category.

Although we believe that Title V of S. 724 would provide meaningful jobs for participants and accomplish useful work for various communities, we believe that during this era of scarce resources Congress should enact youth employment legislation which targets the disadvantaged and provides more linkage with education and training. We believe this would be in the best interest of all.

We hope that these comments and recommendations will be helpful to the Subcommittee during its consideration of Title V of S. 724. Camp Fire stands ready to work with the Subcommittee in making these changes. I would be happy to answer any questions you might have.

SUMMARY STATEMENT AND ADDENDUM

I WANT TO THANK THE SUBCOMMITTEE FOR INVITING US TO PRESENT OUR VIEWS ON S. 724.

YOUTH UNEMPLOYMENT IS NOT A NEW PROBLEM, AND CAMP FIRE HAS A LONG HISTORY OF INVOLVEMENT IN PROGRAMS THAT PREPARE YOUTH TO VALUE WORK AND DEVELOP SKILLS NEEDED IN THE WORKPLACE. BUT RECENT ECONOMIC DOWNTURNS HAVE MAGNIFIED THE PROBLEM.

THE CAMP FIRE YOUTH EMPLOYMENT & TRAINING PROGRAM WAS FUNDED THROUGH THE U.S. DEPARTMENT OF LABOR, OFFICE OF YOUTH PROGRAMS, WITH A TWO-YEAR, $700,000 GRANT. THESE FUNDS WERE DISPERSED TO 8 INDIVIDUAL SITES WITHIN CAMP FIRE. THESE PROJECTS SOUGHT TO SERVE YOUTH MOST IN NEED, I.E. ECONOMICALLY DISADVANTAGED YOUTH, YOUNG PARENTS, JUVENILE OFFENDERS, PERSONS WITH LIMITED ENGLISH-SPEAKING ABILITY, AND HANDICAPPED YOUTH.

ALL PROJECTS ACCOMPLISHED PROPOSED GOALS AND OBJECTIVES AND DID SO WITH A DEFINITE COST SAVINGS BECAUSE OF CAMP FIRE'S ALREADY EXISTING PROGRAM DELIVERY SYSTEMS AND THE CONTRIBUTIONS OF OUR SIZABLE POOL OF SKILLED VOLUNTEERS.

LAST YEAR, CAMP FIRE CONDUCTED A PILOT PROJECT IN COOPERATION WITH THE U.S. FOREST SERVICE -- THE NORRIE SUMMER WORK PROJECT. DURING THE FOUR WEEKS, 20 YOUTH PERFORMED NEEDED CONSERVATION WORK AT THE MOUNT SOPRIS AND SURROUNDING RANGER DISTRICTS IN COLORADO.

THE PROJECT WAS SO SUCCESSFUL THAT THIS YEAR 105 YOUNG PEOPLE WILL PERFORM CONSERVATION WORK AT SIX ADDITIONAL SITES LOCATED IN NATIONAL PARKS.

Our comments on Title V of S. 724 offered before the Senate Environment and Public Works Committee on April 18 by the YMCA on behalf of the National Collaboration for Youth, of which Camp Fire is a member, still apply to Title III of S. 724, as reported by the Environment and Public Works Committee. I would like to insert those comments into the record at this time.

In the testimony delivered on April 18, we expressed several concerns about Title V of S. 724. These include:

1) The bill does not target the disadvantaged. As reported, Title III of S. 724 shows that the committee recognized the need for targeting, but does not actually mandate it.

2) The bill does not describe how employment, training, and education are to be linked.

In addition to the two points mentioned above, we would recommend that the subcommittee give serious consideration to enacting a program similar to the Youth Incentive Entitlement Pilot Project (YIEPP), which was conducted by the Department of Labor from 1978 to 1980.

During this two-year period, over 76,000 youth were employed by work sponsors at 17 project sites. The principal findings of the project are important to consider now, while we are again fashioning a youth employment program:

-- Outreach efforts were generally successful in informing eligible youth about the program.

-- Participation rates were high.

-- Participating prime sponsors had a sufficient supply of jobs.

-- The quality of work was adequate, or better.

THE YIEPP PROJECT IS PROOF THAT A SUFFICIENT NUMBER OF QUALITY JOBS CAN BE DEVELOPED IN A SHORT TIME, AND PROOF THAT YOUTH ARE MORE THAN WILLING TO WORK -- ONCE THEY ARE GIVEN THE CHANCE.

ALTHOUGH WE BELIEVE THAT THE TWO YOUTH CONSERVATION PROGRAMS AUTHORIZED BY S. 724, AS REPORTED, WOULD PROVIDE MEANINGFUL JOBS, WE BELIEVE THAT DURING THIS ERA OF EVER-INCREASING YOUTH UNEMPLOYMENT, CONGRESS SHOULD ENACT A MORE COMPREHENSIVE YOUTH EMPLOYMENT PROGRAM WHICH TARGETS THE DISADVANTAGED AND PLACES AN EMPHASIS ON LINKAGES BETWEEN EMPLOYMENT, TRAINING, AND EDUCATION.

THANK YOU FOR THIS OPPORTUNITY TO EXPRESS OUR VIEWS. CAMP FIRE STANDS READY TO WORK WITH THE SUBCOMMITTEE IN FASHIONING A YOUTH EMPLOYMENT PROGRAM.

I WOULD BE HAPPY TO ANSWER ANY QUESTIONS YOU MAY HAVE.

Camp Fire, Inc. 4601 Madison Avenue, Kansas City, Missouri 64112-1278/(816) 756-1950
GROWING WITH YOUNG PEOPLE SINCE 1910

May 26, 1983
FOR IMMEDIATE RELEASE

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NATIONAL BOARD MEMBER TESTIFIES IN WASHINGTON, D.C. ON YOUTH EMPLOYMENT

Craven E. Williams, president of Gardner-Webb College in Boiling Springs, N.C., today testified before a congressional subcommittee on two proposed federal programs to provide employment for young people.

One program would provide jobs in community conservation and improvement, including creation or renovation of urban parks, repairs to housing for the low-income and the elderly, and removal of architectural barriers to access by the handicapped in public facilities and polling places.

The second program would establish an American Conservation Corps to work on such projects as tree planting and pruning, improvement and preservation of wildlife habitats, and reclamation of strip-mined land.

Mr. Williams, a member of the national board of directors of Camp Fire, testified on behalf of the youth agency. He told the subcommittee, "Recent economic downturns have magnified the problem of youth unemployment into a crisis." He then discussed Camp Fire's youth employment programs, including a cooperative summer project with the U.S. Forest Service that will employ 105 young people to perform conservation work in national parks across the United States.

Mr. Williams urged the subcommittee to give special consideration to employing disadvantaged youth and to require training or education as part of any jobs project. "Where work is combined with education," he said, "there have been noticeable increases in post-program employment and earnings, even for drop-out youth."

Camp Fire, formerly known as Camp Fire Girls, is a national not-for-profit youth agency headquartered in Kansas City, Mo. Members include girls and boys in more than 35,000 communities across the country. Part of Camp Fire's statement of purpose is "to seek to improve those conditions in society which affect youth."

Senator QUAYLE. Both Dr. Williams and Ms. Degonia talked about targeting. I would like to ask Ms. Hickman, Do you agree that this program should be more targeted than is suggested in S. 724?

Ms. HICKMAN. In Ohio, we think that anyone who cannot find a job, no matter what, is disadvantaged in these days. Everybody is disadvantaged if they cannot find a job. And, as I said in my testimony, if a young person cannot get a way to our camps, we provide a way.

Senator QUAYLE. So, in other words, you would disagree with a targeting formula that would go to the economically disadvantaged or the particularly high areas of unemployed?

Ms. HICKMAN. I guess I would.

Senator QUAYLE. You would disagree. OK.

Mr. Ostrower, do you think we should have more targeting?

Mr. OSTROWER. Yes.

Senator QUAYLE. You do. So, 3 out of 4 agree that we should have more targeting.

I agree with both Dr. Williams and Ms. Degonia on the idea of a more comprehensive program, and I believe, Mr. Ostrower, you mentioned it, too. I am not sure that we are at that stage, and I think perhaps we can maybe expand on the Job Training Partnership Act.

I think we are going to be confronted with making a choice on which particular program is going to get the scarce amount of resources that will be available. I do not want to back away from my previous statement that we ought to look at this on a more comprehensive basis, but that is really not the nature of this particular hearing nor will it be one of the political decisions that we will be making as we go to mark up this bill.

So, given that basis, I would like each of you—and I know this is perhaps a question that you do not like, but we are going to be faced with it—please tell us which particular program you think ought to get this additional funding. If $500 million is the maximum budget level, would you choose to fund the ACC, the YCCIP, the work education program that Senator Kennedy has suggested, increase funding for the youth component of the Job Training Partnership Act, or another program? Which one program do you think would best serve to alleviate youth unemployment?

Ms. HICKMAN. Would you like me to respond first?

Senator QUAYLE. You are on the list first, so you have that distinct honor.

Ms. HICKMAN. All right. With 50 years to our credit, I believe we have proved that we have capabilities, we are properly supervised, we have many, many projects, one of which stands before you—the largest covered bridge in the State of Ohio, we built from scratch, and I believe that we do have the capability.

Senator QUAYLE. So, which program would it be?

Ms. HICKMAN. ACC.

Senator QUAYLE. All right, ACC.

Ms. Degonia?

Ms. DEGONIA. The coalition is in no position to pit one program against another, and that is something that we will not do.

Senator QUAYLE. So you are going to leave that decision to us?

Ms. DEGONIA. No——

Senator QUAYLE. We are going to be making that decision, and if you want to have an input, you are going to have to get the coalition to realize that.

Ms. DEGONIA. First, it seems like you need to amend JTPA to establish a targeted program for work experience that takes place within the umbrella of the Job Training Partnership Act. It seems like you could, perhaps, take a smaller amount of money and start up a Young Adult Conservation Corps, if it was targeted, if it had some of the other components that we spoke about.

Senator QUAYLE. And you would link that to the Job Training Partnership Act, ACC?

Ms. DEGONIA. We would link certain portions, but there are also benefits in that the resources of the various departments that administer ACC bring a lot into youth employment, too. So we would not say no, we do not want to see that; it is something we would like to see——

Senator QUAYLE. I am just trying to get a general flavor here.

Mr. Ostrower?

Mr. OSTROWER. I would not want to support one program over another, but I will say——

Senator QUAYLE. Nobody does, but we are faced with this.

Mr. OSTROWER [continuing]. No, but I will say what I think the criteria are for making a selection and what kind of program I think is needed.

Senator QUAYLE. Well, which program do you think is going to fit? I do not want to go through all the criteria. That is too general.

I want to know what program you think is going to fit the criteria you are prepared to give us.

Mr. OSTROWER. Well, I think that YCCIP fits some of them, because we need programs particularly for the dropouts who need some preparation before going into regular private sector employment, and where you can link work experience with literacy and training efforts. And it does not matter whether it is conservation or construction work, but it has to be the kind of work that you can provide for kids who have minimal work experience before.

Senator QUAYLE. Dr. Williams?

Dr. WILLIAMS. Our focus is on education and training. If you insist, as you seem to be doing, that we take a preference, that preference would be the YIEPP with the JTPA format.

Senator QUAYLE. Thank you.

The next witness is Don Newman.

Welcome, my distinguished friend, who is the director of the Indiana Washington Office for Governor Orr. You need no introduction other than a hearty hello and welcome. I am glad that you are here, and go ahead and proceed.

STATEMENT OF DON M. NEWMAN, DIRECTOR, INDIANA WASHINGTON OFFICE, HALL OF THE STATES, WASHINGTON, D.C.

Mr. NEWMAN. Thank you, Mr. Chairman.

Let me summarize Indiana's position, briefly. The goals of the national administration to reduce Federal expenditures, strengthen the economy, and control inflation are shared by Gov. Robert D. Orr. We believe that Federal spending must be reduced, and we are concerned that the passage of the Youth Employment and Economic Assistance Act of 1983, even though its goals are highly laudable, will serve to slow our Nation's economic recovery with its drawdown on the national budget.

If, however, in balancing the interests between addressing a youth employment need with a Federal program in the public sector versus attempting to insure economic recovery by reducing Federal spending and thereby creating an environment for stimulating youth employment in the private sector, the Congress decides to institute this program, we respectfully submit the following considerations for the record. And I will submit the balance of my testimony for the record in order to conserve the committee's time. This paper is divided into two parts, Mr. Chairman. The first part is general considerations and the second part, specific considerations on the legislation.

Senator QUAYLE. Thank you very much, Mr. Newman.

[The prepared statement of Mr. Newman follows:]

PREPARED STATEMENT OF DON M. NEWMAN, DIRECTOR, STATE OF INDIANA WASHINGTON OFFICE

Mr. Chairman and Members of the Subcommittee, your invitation to submit testimony is sincerely appreciated.

Let me summarize Indiana's position briefly. The goals of the national administration to reduce federal expenditures, strengthen the economy, and control inflation are shared by Governor Robert D. Orr. We believe that federal spending must be reduced. And, we are concerned that the passage of the Youth Employment and Economic Assistance Act of 1983, even though its goals are highly laudable, will serve to slow our nation's economic recovery with its draw down on the national budget. If, however, in balancing the interests between addressing a youth employment need with a federal program in the public sector versus attempting to insure economic recovery by reducing federal spending and thereby creating an environment for stimulating youth employment in the private sector, the Congress decides to institute this program, we respectfully submit the following considerations.

General Considerations on the Youth Employment and Economic Assistance Act of 1983.

To date, the National Governors' Association has not taken a position on this issue. However, at the recent NGA meeting in March, the overriding concern of the Governors was the alarming growth of the national deficit. The Governors, for the first time in their history, recommended a national budget position because of the fear of the impact of the exploding budget deficit on our economic recovery. They suggested measures which would move the national budget deficits toward a target of no more than 2% of GNP.

At that time, the Governors did review both the short term and long term unemployment problems and strategy. Since they are the leaders of the States efforts to coordinate federal programs addressing unemployment problems, they should be the conduits through which authority and funds flow. The Governors believe, for the short term, any emergency jobs creation program adopted by Congress should conform to five principles:

- Preservation: Financing for programs should not come at the expense of existing programs of federal assistance. These programs have already taken more than their share of spending reductions.
- Flexibility: In order to obtain the highest value from the Emergency Job Creation Program, States and local governments should have maximum flexibility in allocating the funds.
- Efficiency: To ensure benefits to the maximum number of unemployed people under the special legislation, priority should be given to activities that are labor intensive.
- Targeting: Funds utilized for jobs creation should be targeted to the long-term unemployed.
- Timeliness: The timely commitment of federal funds by States and local governments is necessary to put people back to work as soon as possible.

They also re-emphasized the critical relationship with both local government and the private sector, the Governors said:

"The states, in cooperation with local governments, are uniquely able to move quickly and effectively to implement emergency jobs efforts without creating new and complex administrative systems. They are experienced in administering a broad array of important programs which could be expanded to provide useful employment, and they are well equipped to establish priorities and to coordinate the emergency initiative with other on-going programs. They have the necessary flexibility to deal with problems that overlap local jurisdictions.

Finally, they have established relationships with the private sector necessary to permit public-private cooperation in identifying job opportunities. This state capacity is enhanced by the fact that states themselves are ready to proceed rapidly with the backlog of needs that has accumulated as a result of declining revenues at all levels of government."

Governor Orr supports this position on the short term and long term unemployment strategy.

Specific Consideration of the Act

The intent to provide training and jobs in natural conservation projects merits consideration. Many of us have respectful memories of the CCC program during the 1930's. And, we can still see the fruits of their labors in some of our Indiana Parks. But, we have to ask ourselves some important questions: Do these programs now proposed in the Act represent the most efficient way to develop work experience? Will conservation and recreational work objectives be accomplished effectively with this approach?

Recent history would indicate that the Conservation Corps approach has several problems with program design and execution. The old CCC program embarked on projects that were clearly labor-intensive. Today, however, most projects are machine-intensive. Even clearing brush and timber with a chain saw demands some skill and safety measures which are obviously challenging and concernable. The experience of the two recent programs, Youth Conservation Corps and Young Adult Conservation Corps, reflected such expensive per capita costs, and resulted in so few permanent jobs, that Congress dropped their funding.

This is not to say that Congress has ignored the problem. On the contrary, an excellent program was adopted last year, the Jobs Training Partnership Act. We should give it a chance to work. The JTPA gives the states almost everything that the Governors requested: targeting, flexibility, responsibility and authority. And, we in Indiana, believe it is working, and working well.

From our reading of the present proposals, the targeting of the program to the areas of the greatest need should be enhanced. The Governor's discretion should be given maximum flexibility in establishing an administrative mechanism within the state. The program objectives should elevate the education components, and the objectives should be prioritized. There must be more precise language regarding the differing objectives: Is the primary objective to move unemployed youths into jobs, or is it to address the conservation needs of the country? We need to answer this question more precisely. And finally, after the objectives have been established more precisely, we must install some measurements of performance.

If the Youth Employment and Assistance Act of 1983 is enacted, Governor Orr believes it should incorporate the features expressed above.

Senator QUAYLE. I guess the question I have would be one on the mechanism of the program that would be selected to be implemented. From your viewpoint and from the Governor's perspective, how would you advise us to draft the legislation? Should we be fairly restrictive in how these programs ought to be utilized through the State and local levels? Is your preference flexibility? Where do you think we could best accommodate efficiency in government, knowing full well that the Governors will have a particular interest in the administration of the program we choose to fund?

Mr. NEWMAN. That is one of the sections addressed in a specific section of this presentation. We thought that you should direct the Governor's attention more to the problem and should give him more flexibility. You get, in our opinion, more efficient implementation at the State level if you use the Governor's office as a conduit for the program and give him the maximum flexibility possible.

Senator QUAYLE. I will ask you the same question I have asked the other witnesses in the last panel. Do you think we ought to target this program or not?

Mr. NEWMAN. Absolutely.

Senator QUAYLE. I know you are speaking on behalf of Governor Orr, and he is a very important factor among all the Governors. I know you cannot speak for other Governors or the Governors' Association, and I am not asking you to do that. But I know you have worked for two Governors in the State of Indiana, and you have worked with a number of other Governors. I am wondering if, from your viewpoint of having worked a number of years with Governors, if you think that the philosophy and the flavor that you are outlining would be fairly reflective of their viewpoint if they were submitting a statement today.

Mr. NEWMAN. The National Governors' Association has no position on youth employment, as you know. They did, however, in their most recent meeting in March, take a strong position on the budget for the first time in their history. They indicated a fear for the exploding deficits at the national budget level and submitted their recommendations to both the House and the Senate Budget Committees, which indicated a movement toward a reduction in the national deficit of 2 percent of the GNP, and their recommendations indicated that they were hopeful this could be reached in 1988. That was an unprecedented move for the National Governors' Association, and it took a lot of courage for both Republicans and Democrats in a consensus to come to that position. The Governors are vitally concerned about the growing deficits. They are strongly supportive of employing economic recovery to address some of the problems, and the laudable goals, that you are attempting to address with this legislation.

Senator **Quayle**. OK, Mr. Newman, thank you very much. We will certainly read your testimony, and I appreciate your taking the time to come over here and conveniencing the committee.

Thank you very much.

Mr. **Newman**. Thank you, Mr. Chairman.

Senator **Quayle**. I will be back in 2 or 3 minutes.

[Short recess.]

Senator **Quayle**. The next witness will be Mike Roush.

STATEMENT OF MIKE ROUSH, NATIONAL FEDERATION OF INDEPENDENT BUSINESS, WASHINGTON, D.C.

Mr. **Roush**. Thank you, Senator Quayle.

I am employed by the National Federation of Independent Business, which is pleased to be able to participate in these hearings this morning on S. 724, the Youth Employment and Economic Assistance Act of 1983.

S. 724 is an attempt to kill two birds with one stone: high unemployment and deteriorating infrastructure. It is NFIB's feeling, and it is the members' feeling that it represents as such a false economy; it guarantees, in our opinion, nothing except the expenditures of billions of Federal dollars, tax dollars. It does not guarantee a long-term solution to the unemployment rate of teenagers or an improvement of the infrastructure problems of the country.

Public works programs, such as the one outlined in S. 724, do not provide either the type of relief that will permanently eliminate or substantially reduce the high unemployment rate among teenagers. The unemployment rate of teenagers will be solved in the long term only by eliminating the artificial barriers that currently prevent teenagers from entering the work force. In addition, public works programs, such as the one contemplated here, are often slow to be eliminated. It is our feeling that the quickest and most direct way to provide jobs and training for teenagers is to maximize the use of existing economic resources. This can be accomplished by making youthful workers more affordable to the small business community of America, which employs a substantial portion of the young people in this country as the first job that many of them get.

As such, we would recommend that, since S. 724, notwithstanding our reservations, is to be considered by Congress and possibly enacted, that section 318 of the act, which deals with how the wages of the young people are to be determined, should be amended to basically strike all that is there now and substitute a youth minimum wage—that is, a wage established and set at 75 percent of the current minimum wage as opposed to the various ways of determining the wage contained in the act.

Our second suggestion is also in section 318: it concerns the provision that waives the Davis Bacon Act for projects entered into under the act which are for $15,000 or less. We heartily endorse the inclusion of that provision in the act, because in our opinion, it acknowledges the job-stifling effects of the Davis-Bacon Act, at least to some extent. The current threshold level in the Davis-Bacon Act is now $2,000. Moving it to $15,000 is at least, as I say, some acknowledgment that more jobs could possibly be created if the act were to some extent waived. We would, however, like to see that idea carried a little further, and have the provisions of the Davis-Bacon Act be waived altogether. Short of waiving it altogether, we would recommend that the $15,000 be set at $1 million.

Those are our basic comments on the program. Our members do not support public works programs. The feeling is that the advancement and the recovery of the general economy, in addition to something like the youth subminimum wage, would be quicker to help unemployed young people than any other such programs would.

Senator QUAYLE. Fine. Thank you very much.

Your entire statement will be in the record, and we appreciate your coming today.

Mr. ROUSH. Fine. Thank you, Senator.

[The prepared statement of the National Federation of Independent Business follows:]

NFIB National Federation of Independent Business

1983 NATIONAL CONFERENCE NFIB

STATEMENT OF

JAMES D. "MIKE" MCKEVITT

DIRECTOR OF FEDERAL LEGISLATION

NATIONAL FEDERATION OF INDEPENDENT BUSINESS

Before: Senate Subcommittee on Employment and Productivity

Subject: Youth Employment and Economic Assistance Act of 1983 (S. 724)

Date: May 26, 1983

The National Federation of Independent Business (NFIB), which has more than 500,000 small business members, is pleased to participate in this hearing on S. 724, the "Youth Employment and Economic Assistance Act of 1983."

At the outset, I would like to emphasize NFIB's discomfort with the concept of handling two enormous, but separate problems in a single piece of legislation. The two problems, high unemployment and a deteriorating public works system ("infrastructure"), are big enough and important enough to deserve individual attention from the Congress. S. 724 is an attempt to "kill two birds with one stone," and like the moral of that cliche, represents a false economy. It guarantees nothing except the expenditure of billions of dollars. It does not guarantee a long-term solution to either the unemployment rate or the infrastructure problems.

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UNEMPLOYMENT

The Bureau of Labor Statistics reported the seasonally adjusted unemployment rate for April at 10.2 percent (11,328,000 workers); an unemployment rate for teenagers of 23.4 percent (1,897,000 workers); and for black teenagers, an unemployment rate of 49 percent (405,000 workers). Public works programs, such as that outlined in S. 724, do not provide the type of relief that will permanently eliminate the high unemployment rate among teenagers. That unemployment rate will be solved over the long-term only by eliminating the artificial economic barriers that prevent teenagers from entering the workforce. In addition, public works type programs, such as those contemplated in S. 724, are often slow to be implemented. Consequently, if S. 724 is enacted, it very likely will not be fully implemented until after the economy has substantially progressed toward recovery, and the need to create jobs for youthful workers has slackened. The quickest and most direct way to provide jobs and training to teenagers is to maximize use of existing economic resources. This can be accomplished by making youthful workers more affordable to the small business community.

Youth Opportunity Wage

The youth unemployment rate could be reduced significantly by implementing a youth opportunity wage. This would allow employers to pay teenage employees less than adult employees. The purpose of such a wage structure is to ease specifically the unemployment problem of youth. The theory is that the job market for youth would grow and employers could hire more people.

Economists who have studied the issue tend to agree that a 10 percent increase in the minimum wage rate causes a 1 to 3 percent decrease in employment among teenagers.[1/] This happens because an increasing minimum wage eventually exceeds the value of teenage labor. Consequently, it is cost effective for an employer either to forego hiring young workers or to eliminate those jobs that typically have a productivity yield of less than the minimum wage.

Daniel S. Hammermesh, a Michigan State University economist, found that a 75 percent subminimum wage would significantly reduce youth unemployment. Further, this could be accomplished with relatively little encroachment on the adult job market. Such a wage structure, he contends, would create 381,000 jobs for teenagers at a

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[1/] See for instance, Douglas Adie, "Teenage Unemployment and Real Federal Minimum Wages," Journal of Political Economy, March-April, 1973.

Nabeel Al-Salam, Aline Quesier, Finnis Welch, "The Effects of Cohort Size and Minimum Wages on Youth Employment," presented at American Enterprise Institute on Legal Minimum Wages, November, 1979.

Hyman Laitz, "Experience of the Past: The National Minimum in Youth Unemployment and Minimum Wages," Bulletin 1657 (1970).

cost of 41,000 jobs to adults. This is a ratio of 9.2 new jobs for teenagers at a cost of 1 job for an adult.

Would such a cost be outweighed by the benefits of providing jobs for 381,000 teenagers? These 381,000 new jobs would have reduced teenage unemployment in April of this year by 20 percent. This is a significant gain on a steadily increasing teenage unemployment rate.

A youth subminimum wage would have benefits for small business as well as for teenage labor. Employers could once again employ teenagers to do jobs that are not highly productive and were eliminated because of a high minimum wage. Examples of these types of jobs are bagging groceries, cleaning windshields at service stations, helping customers at a store, etc. This would make small business, particularly retail and service firms, more appealing to customers because of the increased services they could provide. The ultimate result is that small businesses are better able to compete with large businesses.

APPLICABILITY OF DAVIS-BACON

Although NFIB cannot endorse S. 724 as prescribing the proper means to create jobs, NFIB does support provisions that would attempt to lessen the adverse effects of the Davis-Bacon Act on projects undertaken pursuant to S. 724. Specifically, Section 318(3)(D) attempts to exempt certain youthful workers from the "prevailing wage" requirements of the Davis-Bacon Act. This section of S. 724 implicitly recognizes the inflationary tendencies of Davis-Bacon, and it recognizes the fact that the Davis-Bacon Act stifles job creation. Section 318(3)(D) is an attempt, albeit feeble, to inject economy into the program outlined in S. 724.

A more successful approach would be to exempt completely projects undertaken pursuant to S. 724 from Davis-Bacon requirements. This approach would completely eliminate all the regulatory burdens associated with Davis-Bacon, including the prevailing wage requirement, restricted use of helpers and learners, and the paperwork requirements. A recent study by Martha Fraundorf of Oregon State University maintains that repeal of the Davis-Bacon Act could result in a 26 percent cost savings.[2] Certainly, this figure justifies exemption of S. 724 projects from the Davis-Bacon Act. Such an exemption would make S. 724 much more palatable to NFIB.

Another approach would be to raise the Davis-Bacon threshold to $1 million for projects undertaken pursuant to S. 724; that is, make

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2/ Fraundorf, Martha Norby, "The Effect of the Davis-Bacon Act on Construction Costs in Non-Metropolitan Areas of the United States," testimony before the Government Procurement Subcommittee of the Senate Small Business Committee, February 2, 1982, p. 6.

Davis-Bacon applicable only to construction contracts of more than $1 million. If this threshold figure applied to all construction contracts, not just those undertaken pursuant to S. 724, about 90 percent of all federal construction contracts would be exempt. However, only about 15 to 20 percent of all obligated federal dollars would be covered by the exemption (see Table I). We can fairly assume that because the 80 to 90 percent exempted contracts account for only 15 to 20 percent of the obligated federal dollars, the vast majority of workers on federal projects are employed by firms that have a federal contract over $1 million. Consequently, the federal construction contracts over $1 million account for the vast majority of people employed and subject to the Davis-Bacon Act.

This same basic pattern should apply to construction contracts entered into pursuant to S. 724. That is, although only a very few construction contracts would be covered by Davis-Bacon, most of the federal dollars would still be covered. The result would be a much enhanced ability for small firms to compete for contracts and thereby create jobs.

SUMMARY

NFIB's suggestion in regard to the high rate of unemployment for youthful workers is to establish a youth opportunity wage (or subminimum wage) that will make unskilled, unexperienced youthful workers more affordable to small businesses. This is a more permanent solution than the public works proposal in S. 724, which depends on periodic appropriations and will last only as long as the infrastructure is in a deteriorated condition. In addition, a youth opportunity wage can be implemented more quickly than a public works jobs program.

In regard to the nation's deteriorating public works system, efforts to rebuild should be undertaken with an eye toward cost efficiency. This means that all public construction undertaken pursuant to S. 724 should be exempt from the Davis-Bacon Act. Such an exemption could cut costs by as much as 26 percent. It is critical that the Congress seriously consider this proposal, especially given the great need to upgrade the nation's infrastructure during a period of such high deficits. We simply cannot afford the Davis-Bacon Act.

Table I

Federal Construction Contracts over $10,000
by Dollar Ranges - Fiscal Year 1981

Contract Dollar Range	Dollars (thousands)	Number of Contracts
10,000 to 25,000	32,158	1,994
26,000 to 50,000	44,725	1,242
51,000 to 100,000	102,593	1,404
101,000 to 250,000	195,457	1,252
251,000 to 500,000	243,067	689
501,000 to 1,000,000	357,161	503
Over 1,000,000	5,300,706*	822**
Totals	6,275,867	7,906

* 84.46% of all Federal money obligated under federal construction contracts.

** 10.40% of all Federal construction contracts.

SOURCE: Federal Procurement Data System, Special Report 840B

Senator Quayle. The last panel is Mr. Semple, Ms. Blum, Ms. Pines, and Mr. Goldstein.

Mr. Semple, I understand, is on his way, so we will begin with Barbara Blum.

STATEMENT OF BARBARA B. BLUM, PRESIDENT, MANPOWER DEMONSTRATION RESEARCH CORP., NEW YORK, N.Y.; DAVID GOLDSTEIN, OWNER, DOUGLAS SHOES, BALTIMORE, MD.; MARION PINES, DIRECTOR, MAYOR'S OFFICE OF MANPOWER RESOURCES, BALTIMORE, MD.; AND NAT SEMPLE, VICE PRESIDENT AND DIRECTOR OF GOVERNMENTAL AFFAIRS, COMMITTEE FOR ECONOMIC DEVELOPMENT, WASHINGTON, D.C.

Ms. Blum. Good morning.

I am Barbara Blum, president of the Manpower Demonstration Research Corp., MDRC, as we are known, is a nonprofit organization designed to manage demonstration programs which are targeted on improving the long-term self-sufficiency of individuals who may require public assistance.

It is my privilege to participate in the committee's efforts to address the critical issues of unemployment in this Nation. Let me say that I have a particular interest in this area because previously, I served as commissioner for the welfare programs in New York State, and I do see a very close relationship to the caseloads of the future ADC mothers, the general assistance recipients, and your own concerns with, instead, developing self-sufficiency among these young people.

Since its inception 9 years ago, MDRC has managed a variety of demonstration programs involving disadvantaged youth. The largest of these efforts, youth entitlement, was authorized by the Youth Employment and Demonstrations Act of 1977 and 1980. MDRC had overall responsibility for demonstration management and research. YEP, or youth entitlement, was operated by CETA prime sponsors in 17 diverse communities around the country. In those communities, the program offered a job part time during the school year and full time in the summer to all eligible teenagers on the condition that they stay in or return to school. In authorizing the demonstration, Congress also intended to use the information from its implementation and results to learn more about possible solutions to youth unemployment.

MDRC is pleased to have the opportunity to summarize some of that information to assist this committee in its current efforts.

First of all, the youth entitlement experience shows that it is feasible to run a large-scale employment program for teenagers and to find a very sizable group of employers who will participate. During the course of the demonstration, over 76,000 youth were employed by work sponsors across the country. This experience suggests that a large-scale employment program can be mounted successfully within a relatively short period of time. Furthermore, it is feasible to find large numbers of high-quality jobs. An unusually thorough and systematic survey of the quality of work at over 10,000 work sites found the majority of youth busy and well-supervised. The work was valuable to the young workers and their employers as well.

Youth entitlement was the first major employment program to attempt to place teenagers with private businesses. MDRC found the private sector willing to participate. Over half the work sponsors in the program were private businesses. Most of these were small, local firms. While employers were willing to participate, wage subsidies were a critical element of this participation. MDRC's analysis revealed that participation rates among employers were lower in sites where less than a full wage subsidy was provided.

Of the teenagers who worked in private sector jobs, one-fifth were hired onto their employers' regular payrolls after they left the program. But while private businesses may be more likely to hire teenagers for permanent positions than public agencies, MDRC's research on the quality of worksites indicates that public sector worksites provided work experience of similar quality to private businesses.

The youth entitlement demonstration attests to the feasibility of large-scale program implementation, and youth are clearly interested in minimum wage jobs. Participation rates in the program were high. Fifty-six percent of eligible youth had worked in a program job by the demonstration's end. The demonstration experience also suggests that discrimination may be an important factor in the unfavorable employment picture for minority youth, since participation rates were particularly high for black youth. Most significantly, in the presence of youth entitlement, the employment rate for black males approached that of white males, while the rate for black females exceeded that of their white counterparts. These findings demonstrate the motivation of minority youth to work.

Youth entitlement, with its high participation rate, shows that it is entirely feasible to require both school and work for low-income youth. A program can be structured which avoids the substitution of a job for school. It is also possible to use a job offer as a positive inducement to teenagers to stay in school or to return. There was a small but significant increase in school enrollment for the study population. This was highest for black teenagers and for the younger teens, those most likely to need the program and to be attracted to it.

Despite these positive results, programs to address the needs of school dropouts continue to require special attention. Much remains to be learned about the interventions that will address the educational and employment needs of these particular youth.

When the youth entitlement youth returned to school, they did so most often to enter an equivalency program.

Senator QUAYLE. Thank you. Your entire statement will be incorporated in the record.

[The prepared statement of Ms. Blum follows:]

PREPARED STATEMENT OF BARBARA B. BLUM, PRESIDENT, MANPOWER DEMONSTRATION RESEARCH CORP.

I AM BARBARA B. BLUM, PRESIDENT OF THE MANPOWER DEMONSTRATION RESEARCH CORPORATION. MDRC IS A NON-PROFIT ORGANIZATION THAT MANAGES DEMONSTRATION PROGRAM DESIGNED TO IMPROVE THE LONG-TERM SELF SUFFICIENCY OF INDIVIDUALS WHO MAY REQUIRE PUBLIC SUPPORT. IT IS MY PRIVILEGE TO PARTICIPATE IN THE COMMITTEE'S EFFORTS TO ADDRESS THE CRITICAL ISSUES OF UNEMPLOYMENT IN THIS NATION.

UNEMPLOYMENT, WHICH PLACES HEAVY BURDENS ON INDIVIDUALS, FAMILIES AND SOCIETY AS A WHOLE, IS PARTICULARLY DAMAGING FOR LOW INCOME YOUTH. THESE YOUTH REQUIRE USEFUL EDUCATION AND MEANINGFUL WORK EXPERIENCE TO PREPARE THEM TO BE PRODUCTIVE ADULTS. FOR MINORITY YOUTH, WHO ARE DISPROPORTIONATELY REPRESENTED IN THIS POPULATION, THE PICTURE IS ESPECIALLY GRIM.

OVER THE LAST 25 YEARS, THE PROPORTION OF EMPLOYED WHITE MALE TEENAGERS IN THAT POPULATION GROUP HAS HELD STEADY. IN CONTRAST, IN THE LAST 15 YEARS, THE PROPORTION

OF EMPLOYED BLACK MALE TEENAGERS HAS DECLINED BY ABOUT 50 PERCENT. AND WHILE THE EMPLOYMENT PROSPECTS OF WHITE TEENAGE GIRLS HAVE IMPROVED DRAMATICALLY DURING THE PAST DECADE, THIS IS CLEARLY NOT THE CASE FOR BLACK ADOLESCENT FEMALES.

SCHOOL DROP-OUT RATES FOR ALL YOUTH ARE DISCOURAGING, AND WHILE DROP-OUT RATES AT AGES 16 AND 17 ARE SIMILAR FOR BLACKS AND WHITES, BY AGES 18 AND 19 BLACKS HAVE DROP-OUT RATES RANGING FROM AS MUCH AS 37 TO 58 PERCENTAGE POINTS HIGHER THAN THAT FOR WHITE TEENAGERS IN THE SAME AGE GROUP. THE DISCREPENCY IS EVEN GREATER FOR HISPANIC YOUTH. THIS SITUATION IS PARTICULARLY SERIOUS SINCE THE SKILLS DEMANDED OF WORKERS IN A TECHNICOLOGICAL SOCIETY PRESUPPOSE BASIC ACADEMIC COMPETENCY.

WHILE THE PROBLEMS OF YOUTH UNEMPLOYMENT ARE PERSISTENT AND COMPLEX, OUR EXPERIENCE SUGGESTS THAT CARFULLY STRUCTURED INTERVENTION CAN MAKE A MEANINGFUL DIFFERENCE.

SINCE ITS INCEPTION, MDRC HAS MANAGED A VARIETY OF DEMONSTRATION PROGRAMS INVOLVING DISADVANTAGED YOUTHS. THE LARGEST OF THESE EFFORTS, YOUTH ENTITLEMENT, WAS AUTHORIZED BY THE YOUTH EMPLOYMENT AND DEMONSTRATIONS ACT OF 1977 AND 1980. MDRC HAD OVERALL RESPONSIBILITY FOR DEMONSTRATION MANAGEMENT AND RESEARCH. YIEPP WAS OPERATED BY CETA PRIME SPONSORS IN 17 DIVERSE COMMUNITIES AROUND THE COUNTRY. IN THOSE COMMUNTIES, THE PROGRAM OFFERED A JOB, PART-TIME DURING THE SCHOOL YEAR AND FULL-TIME IN THE SUMMER, TO ALL ELIGIBLE TEENAGERS ON THE CONDITION THAT THEY STAY IN OR RETURN TO SCHOOL. IN AUTHORIZING THE DEMONSTRATION, CONGRESS ALSO INTENDED TO USE THE INFORMATION FROM ITS IMPLEMENTATION AND RESULTS TO LEARN MORE ABOUT POSSIBLE SOLUTIONS TO YOUTH UNEMPLOYMENT. MDRC IS PLEASED OT HAVE THE OPPORTUNITY TO SUMMARIZE SOME OF THAT INFORMATION TO ASSIST THIS COMMITTEE IN ITS CURRENT EFFORTS.

PROGRAM IMPLEMENTATION

THE YOUTH ENTITLEMENT EXPERIENCE SHOWS THAT IS IS FEASIBLE

TO RUN A LARGE-SCALE EMPLOYMENT PROGRAM FOR TEENAGERS AND TO FIND A VERY SIZABLE GROUP OF EMPLOYERS WHO WILL PARTICIPATE.

- DURING THE COURSE OF THE DEMONSTRATION, OVER 76,000 YOUTHS WERE EMPLOYED BY WORK SPONSORS ACROSS THE COUNTRY. THIS EXPERIENCE SUGGESTS THAT A LARGE SCALE EMPLOYMENT PROGRAM CAN BE MOUNTED SUCCESSFULLY WITHIN A RELATIVELY SHORT PERIOD OF TIME.

- FURTHERMORE, IT IS FEASIBLE TO FIND LARGE NUMBERS OF HIGH QUALITY JOBS. AN UNUSUALLY THOROUGH AND SYSTEMATIC SURVEY OF THE QUALITY OF WORK AT OVER 10,000 WORKSITES FOUND THE MAJORITY OF YOUTHS BUSY AND WELL SUPERVISED. THE WORK WAS VALUABLE TO THE YOUNG WORKERS AND THEIR EMPLOYERS AS WELL.

PRIVATE SECTOR INVOLVEMENT

- YOUTH ENTITLEMENT WAS THE FIRST MAJOR EMPLOYMENT PROGRAM TO ATTEMPT TO PLACE TEENAGERS WITH PRIVATE

BUSINESSES. MDRC FOUND THE PRIVATE SECTOR WILLING TO PARTICIPATE. OVER HALF THE WORK SPONSORS IN THE PROGRAM WERE PRIVATE BUSINESSES, MOST OF THESE WERE SMALL, LOCAL FIRMS.

- WHILE EMPLOYERS WERE WILLING TO PARTICIPATE, WAGE SUBSIDIES WERE A CRITICAL ELEMENT OF THIS PARTICIPATION. MDRC'S ANALYSIS REVEALED THAT PARTICIPATION RATES AMONG EMPLOYERS WERE LOWER IN SITES WHERE LESS THAN A FULL WAGE SUBSIDY WAS PROVIDED.

- OF THE TEENAGERS WHO WORKED IN PRIVATE SECTOR JOBS, ONE-FIFTH WERE HIRED ONTO THEIR EMPLOYERS' REGULAR PAYROLLS AFTER THEY LEFT THE PROGRAM. BUT WHILE PRIVATE BUSINESSES MAY BE MORE LIKELY TO HIRE TEENAGERS FOR PERMANENT POSITIONS THAN PUBLIC AGENCIES, MDRC'S RESEARCH ON THE QUALITY OF WORKSITES INDICATES THAT PUBLIC SECTOR WORKSITES PROVIDED WORK EXPERIENCE OF SIMILAR QUALITY AS PRIVATE BUSINESSES.

PARTICIPATION

THE YOUTH ENTITLEMENT DEMONSTRATION ATTESTS TO THE FEASIBILITY OF LARGE SCALE PROGRAM IMPLEMENTATION. AND YOUTH ARE CLEARLY INTERESTED IN MINIMUM WAGE JOBS. PARTICIPATION RATES IN THE PROGRAM WERE HIGH. FIFTY-SIX PERCENT OF ELIGIBLE YOUTHS HAD WORKED IN A PROGRAM JOB BY THE DEMONSTRATION'S END.

THE DEMONSTRATION EXPERIENCE ALSO SUGGESTS THAT DISCRIMINATION MAY BE AN IMPORTANT FACTOR IN THE UNFAVORABLE EMPLOYMENT PICTURE FOR MINORITY YOUTH SINCE PARTICIPATION RATES WERE PARTICULARLY HIGH FOR BLACK YOUTH. MOST SIGNIFICANTLY, IN THE PRESENCE OF YOUTH ENTITLEMENT, THE EMPLOYMENT RATE FOR BLACK MALES APPROACHED THAT OF WHITE MALES WHILE THE RATE FOR BLACK FEMALES EXCEEDED THAT OF THEIR WHITE COUNTERPARTS. THESE FINDINGS SHOULD HELP TO INFORM OUR PERCEPTIONS CONCERNING THE MOTIVATION OF MINORITY YOUTHS.

SCHOOL/WORK RELATIONSHIPS

YOUTH ENTITLEMENT, WITH ITS HIGH PARTICIPATION RATES, SHOWS THAT IT IS ENTIRELY FEASIBLE TO REQUIRE BOTH SCHOOL AND WORK FOR LOW INCOME YOUTH. A PROGRAM CAN BE STRUCTURED WHICH AVOIDS THE SUBSTITUTION OF A JOB FOR SCHOOL.

IT IS ALSO POSSIBLE TO USE A JOB OFFER AS A POSITIVE INDUCEMENT TO TEENAGERS TO STAY IN SCHOOL OR TO RETURN. THERE WAS A SMALL BUT SIGNIFICANT INCREASE IN SCHOOL ENROLLMENT FOR THE STUDY POPULATION. THIS WAS HIGHEST FOR BLACK TEENAGERS AND FOR THE YOUNGER TEENS, THOSE MOST LIKELY TO NEED THE PROGRAM AND TO BE ATTRACTED TO IT.

DESPITE THESE POSITIVE RESULTS, PROGRAMS TO ADDRESS THE NEEDS OF SCHOOL DROP-OUTS CONTINUE TO REQUIRE SPECIAL ATTENTION. MUCH REMAINS TO BE LEARNED ABOUT INTERVENTIONS THAT WILL ADDRESS THE EDUCATIONAL AND EMPLOYMENT NEEDS OF THESE YOUTH.

IN THIS REGARD, IT IS INSTRUCTIVE THAT WHEN YIEPP YOUTHS RETURNED TO SCHOOL THEY DID SO MOST OFTEN TO ENTER AN EQUIVALENCY PROGRAM. IT IS ALSO OF INTEREST THAT YOUTHS WHO RETURNED TO ALTERNATE PROGRAMS STAYED IN SCHOOL LONGER THAN THOSE WHO RETURNED TO REGULAR CLASSES. THIS SUGGESTS THAT ATTENTION MUST BE PAID TO THE QUALITY AND VARIETY OF THE SCHOOL EXPERIENCE AS PROGRAMS FOR SCHOOL AGED YOUTH ARE DEVELOPED.

MDRC'S EXPERIENCE HAS SHOWN THAT WHILE IT IS POSSIBLE TO ENGAGE SCHOOL SYSTEMS AND THE EMPLOYMENT AND TRAINING SYSTEM IN A JOINT EFFORT TO ADDRESS THE PROBLEMS OF YOUTH UNEMPLOYMENT, SUCH A PARTNERSHIP MUST BE CAREFULLY PLANNED AND STRUCTURED. GROWTH OF COOPERATION BETWEEN SCHOOLS AND PRIME SPONSORS WAS GRADUAL IN YOUTH ENTITLEMENT AND EVEN BY THE END OF THE DEMONSTRATION, ENFORCEMENT OF THE PROGRAM'S ATTENDANCE AND ACADEMIC PERFORMANCE STANDARDS WAS DIFFICULT TO ACHIEVE. MDRC'S RESEARCH IN A SMALL INNOVATIVE

WORK/EDUCATION PROGRAM FOR DISADVANTGED TEENAGERS, THE COP PROGRAM, ALSO SUGGESTS THAT JOINT EFFORTS MUST BE PREMISED ON THE RECOGNITION THAT SCHOOL SYSTEMS HAVE THEIR OWN PARTICULAR TIMETABLES FOR IMPLEMENTING CHANGE.

NEVERTHELESS, THE SCHOOL/WORK LINKAGE MUST BE ACTIVELY ENCOURAGED. WE HAVE LEARNED THAT WORK EXPERIENCE ALONE DOES NOT IMPROVE THE LONG-TERM PROSPECTS OF YOUTH. IN A SIMILAR MANNER, THE ACHIEVEMENT OF BASIC EDUCATIONAL COMPETENCIES APPEARS TO BE MOST EFFECTIVE WHEN COMBINED WITH VOCATIONAL SKILLS TRAINING. THE SUCCESSFUL INTERGRATION OF THESE TWO SYSTEMS REMAINS AN IMPORTANT CHALLENGE FOR THOSE CONCERNED WITH PROGRAMS FOR YOUTH.

FROM THE YOUTH ENTITLEMENT PROJECT AND OTHER EFFORTS WE HAVE A LARGE BODY OF COLLECTIVE KNOWLEDGE REGARDING THE PROBLEMS OF YOUTH UNEMPLOYMENT. THE CURRENT CONGRESSIONAL INTEREST IN THIS ISSUE REFLECTS RECOGNITION OF THE NEED TO CONTINUE TO EXPLORE THE MOST APPROPRIATE FORMS OF INTERVENTIONS TO MEET THE DIVERSE NEEDS OF THE NATION'S YOUTH.

IN THIS EFFORT DIVERSITY IS AN IMPORTANT CONCERN. A SINGLE PROGRAM MODEL CANNOT BE EFFECTIVE FOR ALL YOUTH. TARGETING IS ALSO ESSENTIAL, ESPECIALLY WHEN RESOURCES ARE SCARCE. WE KNOW FROM YOUTH ENTITLEMENT, FOR EXAMPLE, THAT INTERVENTION IS MOST EFFECTIVE FOR YOUNGER YOUTHS. YOUNG FEMALES NEED OPPORTUNITIES FOR EMPLOYMENT AND LOW INCOME YOUTH CONTINUE TO REQUIRE SPECIAL CONCERN. WE ALSO CAN DO MORE TO ASSESS THE SKILL LEVELS AND NEEDS OF YOUTH SO THAT REFERRALS TO THE MOST APPROPRIATE PROGRAMS CAN BE MADE.

AS PROGRAMS ARE DEVELOPED, WHETHER IN RESIDENTAL OR MORE TRADITIONAL SETTINGS, MEANINGFUL EMPLOYMENT AND TRAINING EXPERIENCES MUST BE THEIR GOAL. THE DEVELOPMENT OF SUCH JOBS REQUIRES SOUND PLANNING. LEGISLATION SHOULD PROVIDE FOR DEVELOPMENTAL PERIODS WHICH WILL FACILITATE PLACEMENT AND PREVENT "MAKE-WORK" FOR YOUTH.

WHILE WE KNOW FROM YOUTH ENTITLEMENT THAT QUALITY WORKSITES ARE POSSIBLE, STRONG SUPERVISION IS OF GREAT IMPORTANCE. MORE EFFORT MUST ALSO BE DEVOTED TO DEVELOPING USEFUL OUTCOME MEASURES AND MONITORING PERFORMANCE AGAINST THESE GOALS. THESE ARE NOT EASY ISSUES TO ADDRESS. EACH IS CRITICAL TO IMPROVING THE FUTURE OF THE NATION'S YOUTH.

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President

June 6, 1983

The Honcrable Dan Quayle
Senator
United States Senate
524 Hart Senate Office Building
Washington, D. C. 20510

Dear Senator Quayle,

I would like to thank you for the opportunity to share MDRC's findings from the Youth Incentive Entitlement Pilot Projects (YIEPP) at the recent Labor and Human Resources hearing on youth employment legislation.

It is my hope that the information from this important demonstration will assist the Committee in its work. Please let me know if MDRC can be of assistance as you continue to explore these important issues.

Sincerely,

Barbara B. Blum
President

BBB:mes

Senator **Quayle**. Mr. Semple, do you want to proceed? You were the leadoff witness.

Mr. **Semple**. I am sorry I am late. I was trying to combine several things.

Senator **Quayle**. That is quite all right. Go ahead. We have a 5-minute clock here. Welcome back, and we appreciate your help.

Mr. **Semple**. I am a little tired. I hoofed it all the way over from the Capitol.

I really enjoy the opportunity to testify on this program. As you know, I had a small hand in putting it together. I also might add that it was initially a Republican idea.

Senator **Quayle**. Well, we have noticed that around here, a lot of these Republican ideas are being accepted these days, and we are gratified for that. We like a spirit of bipartisanship.

Someone in the back just remarked here that since the Democrats are in the minority now, they are seeing things a lot clearer than when they were in the majority. So the minorities have a tendency to come together in coalitions of all sorts.

Mr. **Semple**. Well, on the House side, we always had that basic attitude.

Senator **Quayle**. Well, we intend to keep it that way over here. So, go ahead.

Mr. **Semple**. In any event, I thought what I would do is try to place the results of this program, as MDRC has provided, in an historical context and what the fundamental purpose of the program was all about.

Essentially, it was an experiment. When we first attempted to look at the issue of youth employment, we recognized that there were probably more theories as to how to solve it than there probably were unemployed youth. We held extensive hearings, and we came back with the conclusion that we really did not know what to do. There were certain assumptions we thought we should test, because we thought that instead of spending several billion and throwing it at a problem and hoping that it would go away, that we would devise a program that would test the problems of unemployed youth in relation to school, to provide policy guidance and really structure a program that met the need. This was the fundamental purpose of the Youth Incentive Entitlement Act.

Our premise was that there were certain popular notions—some, not so popular—that we thought we should look at. Included are some of those that are provided in the report—whether successful completion of schooling at the high school level improved a youth's chance of obtaining a job; whether the availability of a guaranteed job opportunity, which at the time was a very popular notion on some sides, part time during the school year and full time during the summer would encourage youth to return or remain in school; whether private employers, through a variety of subsidies—and this was an important issue—whether they would be minimum wage, or sub-minimum wage, would be encouraged to participate; whether the schools would set standards to which youth would respond; and whether employers could set equal standards, and whether a contract could actually be reached between youth employers and the educational system. Perhaps the most difficult test was whether you could establish the institutional arrangements, considering the history of antipathy between the education and employment and training communities. I wonder whether some incentives could be devised to encourage all three to come together and overcome some of their institutional hangups. I suspect that one of the things that MDRC learned in their investigations was that it was institutional arrangements that were the most difficult to overcome. Nevertheless, I believe that the results of the program have shown that in time, certain kinds of permanent relationships are achieved within a community. Unfortunately, because of what has happened with the statute over a period of time, these may have been lost.

The purpose of this program was to ascertain whether (1), any of these things were possible; and (2), if not, why not.

Immediately after we enacted the statute, GAO launched an investigation, which was somewhat typical. They wanted to find out if the jobs being provided were meaningful for the youth. Now, that was a very legitimate question, but it was not the purpose of the program. The purpose was to determine if a guaranteed job could be institutionally developed to address the needs of disadvantaged youth, and if not, why not—whether it was the pay, the failure of institutional design, and the like. And this is what I would hope you would consider in reviewing the results of MDRC's work. Frankly, I think they have done an outstanding job assessing these questions. It was a very difficult program to try to structure. They had to put up a fairly elaborate mechanism, and they were trying to test it in all different kinds of areas—urban, heavily populated, rural—and devise the experiment in a way that tried to reach to as many problems in our understanding of youth unemployment as possible.

The way it was funded, it probably was the largest intentional social experiment ever enacted by a Congress—not to suggest that we have ever passed some unintentional experiments that have tried to be solutions—but this was very much an experiment. And I am not going to sit here—there is a tendency of individuals who get involved in authoring to do so, and say that "This is the best thing since sliced bread." I will leave the record open on that. But what I do encourage is that the results of this program be very carefully looked at in redesigning future youth policy. I would hope that the Secretary of Labor would take the charge to do so in the original statute seriously, and I hope that the one message I leave today is that we do take the time to look at what they have done.

Senator QUAYLE. Thank you very much.

[The prepared statement of Mr. Semple follows:]

TESTIMONY

OF

NATHANIEL M. SEMPLE

VICE PRESIDENT

COMMITTEE FOR ECONOMIC DEVELOPMENT

ON

THE YOUTH INCENTIVE ENTITLEMENT PROGRAM

BEFORE

SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY

COMMITTEE ON LABOR AND HUMAN RESOURCES

UNITED STATES SENATE

May 26, 1983

The views expressed herein are solely those of the author and in no way represent CED, individual CED trustees, their organizations or any other business association.

Mr. Chairman, I am pleased to have this opportunity today to testify before your Committee on the results of the Youth Incentive Entitlement Program and the possible consideration for revising and extending it in some form.

As you may know, I had a small hand in drafting the original legislative provisions while I served on the staff of the House Committee on Education and Labor. As you know, these were incorporated in the Youth Employment and Demonstration Project Act of 1977.

I believe it would be most useful today for me to establish the historical context in which this program was enacted and to briefly describe its underlying rational. I believe that my fellow panel members will more than amply cover the initial findings.

At the time the Youth Employment Act first cam under consideration, there was considerable frustration over the nation's inability to deal with the persistent and growing unemployment among youth -- particularly amongst the disadvantaged and especially in areas of severe economic distress. The failure of youth to obtain jobs, combined with the alarming numbers who had quit school, was seen as a major contributor to the pathology of crime and to a variety of other social problems that, unless corrected, would persist unless something was done. As I recall, we were particularly frustrated by the past and then current governmental efforts to deal with the problem, and felt that much of the programs of the '60s and early '70s while having some positive effect simply had not shown very much.

Not surprisingly, when we undertook to devise a more concentrated effort on the problem of youth unemployment, there seemed to surface as many "theories" as how to best address the need as there were numbers of unemployed youth. After what is assuredly some of the most comprehensive hearings ever held on the subject, we concluded that we just didn't know the answer and rather than throw several more billion dollars at the problem, and hope that the un-youth unemployment situation would magically disappear, we decided to experiment and we did.

The Youth Incentive Entitlement Act was, and always will be considered in my mind, to be nothing more than an experiment albeit, with funding at levels ranging in the hundreds of millions of dollars, the largest single social experiment ever consciously enacted by the Congress. (Setting aside the numerous "unintended" experiments that were enacted as solutions.) We decided that rather than assume that we knew the best way, we would "test" the efficacy of some of the more popular (and some of the less popular notions) held at the time. Accordingly, we devised the program quite deliberately to test, at the very least, the following:

- whether successful completion of schooling, at the high school level, improved the youth's chances of obtaining a job;
- whether the availability of a "guaranteed" job opportunity — part time during the school year and "full time" during the summer -- would encourage youth to return or remain in school;
- whether the availability of alternative schooling -- particularly where youth show no inclinaton to return to their local public school system -- would help;
- whether private employers, through a variety of incentives and direct wage subsidies at various levels, might participate and to what degree;
- whether youth would be willing to increase school attendance and effort and whether or not the setting of standards both in the school and in the work place would have a positive or negative effect;
- whether or not the institutional arrangements could be developed between the schools, the employers, the employment and training system which heretofore had not existed;
- whether or not this program could "compete" in those communities where the "street" was often viewed as the more attractive option; and
- whether or not a program could be designed and carried out in a variety of different social economic circumstances and areas (e.g. rural or urban).

To carry out this mandate eventually 76,000 youths were provided employment opportunities in seven designated demonstration areas. These lasted for almost 2 1/2 years provided in my mind the greatest single source of information on youth employment we have thus far developed.

I can only say that after reviewing the work of the Manpower Development and Research Corporation, they fully understood what this program was all about. They not only set out with good conscious effort to carry out the mandate, which they did, though not without a glitch or two, and proceded to design an elaborate and complex methodology, they have followed up with some of the most comprehensive research analysis I have seen to date.

Not surprisingly, not everyone viewed the program as an "experiment". GAO immediately launched a study to determine whether the jobs provided were "meaningful", with the intention of inferring that because some of them were not that the program was, therefore, a failure. This missed the point, of course, because the true question was that even if this were true to some extent "if not, why not". It was the ability to answer the "whys" and not the "what" that was the program's major mission. Program operators also for obvious reasons looked on YIEPP as an "operational" program and when funds were ended, obviously felt that the rug had been pulled out from under the program participants.

And, of course, OMB, both in the Carter Administration and the current one, took one look at the word "entitlement" and ran in the other direction. If there was any one mistake

I made in proposing this program which I regret the most, it was the use of the word "entitlement". At the time, I thought it would help "sell" the program to skeptical youth. Perhaps it did, but in my review of the politics of its continuation I suspect that all it did was guarantee its demise, although at no time was it a true "entitlement" in the legal sense of the term and always depended fully upon appropriations.

Although I, of course, having reviewed MDRC's analysis believe that this program has had a major impact on the problems of youth unemployment in many of our nation's communities. There is always a tendancy for authors of programs to argue that they work. I will, however, not make any further effort here to judge its results. MDRC has produced more than enough analysis to afford you an excellent perspective and to enable you to render your own judgment. I will be happy if all that is accomplished today is to convince you that the research MDRC has done represents perhaps the most thorough and comprehensive investigation on the causes and reasons underlying youth unemployment we have ever developed and that there is more than enouch here to help devise future policy directions. Whether this means a further Youth Incentive Program of this sort or not I do not know, but now this experiment is coming to its conclusion it would be unfortunate if we fail to learn from it. I would also hope that the Secretary of Labor would seriously take his responsibilities to report on the program and to recommend future policy options.

Again, Mr. Chairman, I appreciate the opportunity to be here today and I look forward to as I am sure you do the testimony of my fellow panelists.

Senator QUAYLE. Next, Marion Pines. Welcome back. It is good to see your cheery face here once again. Say hello to that famous mayor that you work for.

Ms. PINES. He sends his best to you.

Senator QUAYLE. We have not seen him for a while.

Ms. PINES. Well, invite him over. He will be back with his charts.

Senator QUAYLE. We will. We usually have to have a couple of hours, though, when he comes.

Ms. PINES. That is true. You cannot have that little red and green light when he is here.

First of all, I want to thank you for staging an entitlement reunion today—the father of entitlement, the newcomer.

Let me talk a little bit about entitlement, because I sort of feel like we are exhibit A. We ran the largest entitlement program in the country in Baltimore. And I am not going to reiterate some of the things that have been said already. From the point of view of a city that had to administer this program, our initial problems were due to the very quick startup. So I would urge you in any future activities to carefully plan and implement these types of efforts. I want to commend you for not pretending that the youth problem has been solved by the passing of JTPA. Even with the 40 percent youth set-aside, the problem is still of enormous dimension and does need additional attention by the Congress in terms of program intervention.

The entitlement model is very much worth looking at. Our problems, as I said, were very quick, startup problems. Because the Congress had the money, because they were very interested in the results, it was passed one day and almost had to be implemented the next. As a result, we ran into some initial problems of mounting something this large.

I would indicate to you that BLS data does not really show you the size of the youth unemployment problem. If we had used BLS data to project the number of eligible participants in the city of Baltimore, the data would have given us a participant rate of about 2,500 kids. We used our own data sources instead: Looked at school populations, aged them, looked at dropout rates, and estimated that we would have close to 8,000 kids who might be eligible within the target area we identified. We overshot by 7 percent. We would have undershot by 70 percent had we used BLS data. So, I tell you the problem is bigger than we imagine and bigger than is publicly acknowledged.

We had extremely high participation rates. We went after the dropout population. We did not just use it as a stay-in-school remedy, but used it as a "come back to the educational process, and come back to the work force through that," and went after those kids who had already dropped out. What we found out was by going after those kids, we had an interesting mix. First of all, this is not a monolithic group. Even if you say "16 to 19," even if you say "economically disadvantaged," even if you say you are within a geographical area that is fairly tight, the kids are very different. We found more than one-third to be functionally illiterate, more than one-third. We found about one-third to have kids of their own, and about one-third who had criminal records. This then told to us we had to have all different kinds of program interventions.

It is very important to have alternative educational programs. Dropouts do not want to go back to the same school they dropped out of. So we developed seven or eight alternative education models for them—some that we contracted to community organizations, some we contracted with the school system, but we had to have alternative models, or these kids would not have stuck with the program.

We also found we needed support services. We set up special day care programs—day care programs associated with the alternative educational programs, so they had someone to look after their kids while they participated.

When you establish strong attendance and performance standards—and I would urge you to establish standards—entitlement is a great concept, but it should not be an automatic thing; there has to be a contract between the kid and the system to say, "I have obligations; you have obligations." You need some coaches and some support in there to help the kid meet those standards.

It was very hard for the school system to report back to us that, in fact, the participants were meeting the standards or not, because school systems have their own reporting. Often, the schools gave us attendance data that was 3 months old, and it is hard to punish somebody on 3-month-old behavior. But it is very important to have the support that will help kids understand our standards and have kids meet those standards.

Let me talk a little bit about the project's effects. We found interesting effects. We found a lot of effects on the families of these kids. When we went back and surveyed them, we found there were more siblings working than parents working. So, I think there is something interesting here—suddenly, a recognition that there is a place in the workplace for the teenagers that was not there with their parents. And if we are ever going to break a cycle, this concept may be one way of saying that there is hope to break the cycle. We also found that there was a ripple effect of the entitlement programs—participants encouraging their freinds and siblings to get in the work force, too.

We targeted schools with the highest dropout rates in Baltimore for participation, schools that were experiencing at least 20-percent dropout rates. That dropout rate was more than cut in half as a result. So we saw an absolutely measurable effect on the dropout rates in those schools. We saw it; it is in the MDRC study, but we actually eyeballed it and experienced it. And we did see a tremendous return to the labor force and to the education system by dropouts who were formally isolated from the system.

And we did see a willingness on the part of some private employers to open their doors—and I have a living example in Mr. Goldstein—I told Mr. Goldstein he is the most important person in the room today because he is a living, breathing entitlement employer. It is extremely important to have not only public sector worksites, but to begin to get the private sector involved so that you break down the stereotypes. There are stereotypes about these kids whether we like it or not—they are there, and if we have to buy our way past those stereotypes, so be it, let us buy our way past the stereotypes. The alternatives are even more costly.

Let me just say two more words, one about the cost. The cost was so minimal. MDRC is giving us cost estimates of $2,000 a slot. When you talk about the budget, I mean, I just cannot even deal with it. The word "entitlement" makes OMB as nervous as the dickens. We have got to find some other word for it, because entitlement even makes the Democrats shake when we mention the word. So, I think we have got to find some other kind—call it youth incentive, do not call it youth entitlement—I do not care what you call it, as long as you do it.

Let me tell you a couple of problems that I have with the Senate bill that is under consideration—and I have got to say another word.

Senator **Quayle**. You have got 15 seconds.

Ms. **Pines**. All right. I do not know what your problems are with the Labor Department here; but please do not punish us at the local level by setting up a totally new delivery system. We are now trying to get our heads screwed on to implement JTPA. This business of putting it through HHS, through the States, through community-based organizations—a whole bunch of actors who are not presently in this system at all—you are going to create chaos at the local level. Please, set up a delivery system in which you have faith and stick to it, and put your resources through the existing delivery system. We can give you accountability.

Thank you.

Senator **Quayle**. Now, to the most important person in the room, who needs no introduction, after Marion already introduced him.

Mr. Goldstein, please proceed.

Mr. **Goldstein**. Unfortunately, I am not an expert on anything. I operate Douglas Shoe Store in Baltimore. We were involved in the program in 1980 and 1981 while it existed. We employed three kids, two of which are still with me, and have been with me since the day the funding stopped. As far as I am concerned, it is an excellent program.

I have taken these kids, and I have given them something they can do. They can leave me and they can go out and get a job selling shoes anywhere. I do not know if you have any problem with your feet, but it is much tougher to sell shoes than anything else. And I find that the kids that come in just work out beautifully. The fact that it was funded was a help. I have been doing this on my own for maybe 8 years before it started, or 10, one at a time. With the funding, I could do more.

I would be willing to answer any questions. I am not very good at testimony.

Senator **Quayle**. Well, thank you very much.

As I said, I am under a time constraint, so I am going to do something that I have not done before. I am going to allow the majority counsel and minority counsel 5 minutes. I am going to leave, and if you have any questions you want to direct, the record will show that I have departed. The light will go on and off accordingly, so you each can have 5 minutes if you want to ask questions of this distinguished panel.

Mr. **Guttman**. Let me ask the questions that I hope the Senator would have asked.

Assume that we have a limited amount of resources, and for the time being, let us assume we have $500 million, and you have to make a choice as to where you would put it. Would you put it into an entitlement program? Would you put it into JTPA, generally? Would you put it into education? Would you put it into YCCIP? Where would you put it?

Mr. **Semple**. I wonder if I can respond to that. This is probably the most concentrated, serious problem we have. JTPA does things in a general nature, but it does not target on, I would say, the areas in our cities and in our rural areas that need a lot more than just a general approach. What this provides is a series of, as Marion says, interventions, all of which are needed, including day care for youth with children, that has to be organized carefully if it is to succeed. This is the thing. I think the numbers on the return and the cost per youth is indicative of the fact that you can get a lot of direct attention with a fairly small amount of money in the overall scheme of things.

Ms. **Blum**. Following up on that, based on the YCCIP findings, which are very strong, funds should be targeted to reach the younger school dropout. The resources should be used to create independence for youth in the future. Following up on Marion's point, we need to try to find a decent way to link funds into the JTPA mechanism, so that there is a real incentive for those local bodies to focus in on this group of kids. I am also very interested that the young women not be ignored.

Ms. **Pines**. I think this is a very interesting point. I was just looking at some data back there on YCCIP, and YCCIP is about 75 to 80 percent male. So you have to be careful in anything you are designing that you are evenhanded in it.

I would reiterate in terms of targeting and tailoring, this is a tightly tailored intervention. You cannot do everything with your money. And I know the tendency is to try to spread it around and make everybody a little bit happy, but I also think the Congress is responsive enough to say, "What have we accomplished with it?" And if you are going to take this half billion dollars and say, "Can we make a difference somewhere?" I would urge you to try to do that, and whether it is this model or an adaptation or this model, I think you will see a result that can be measured and that can have an impact on kids. And then, I think tying it into the general delivery system in terms of more advanced training is a natural sequence that would flow.

Mr. **Guttman**. What about one of the issues that has been raised in some of the written testimony we have had which says it should be a higher priority to bring the JTPA funding back up to where localities had been previously, rather than funding a new program? Would you agree also that this is a higher—you know, we operate in these functional categories, where function 500 is training, or 550, or whatever it is—and we are talking about choices. We are not talking about——

Ms. **Pines**. We would not touch that one with a 10-foot pole.

Ms. **Blum**. Let me touch it with some distancing. I had an opportunity recently to be talking with various people involved in different States with JTPA. I think that there will be very mixed performance, that some States will do wonderfully with the local mechanisms, and others will not. However, we really cannot afford to let the particular group of youth that we are discussing today get caught up indiscriminately in these State operations. There is a real need for targeting now, and particularly for the future, with this group.

Mr. GUTTMAN. Let me go to the last question now, which is really a followup to what you said. The JTPA system is just going into operation, and it has many administrative problems, and under the Kennedy bill, you would tie into that administrative system. Does it have the capacity to take a $500 million add on for an extremely difficult to run program, or are we really setting JTPA up for making big mistakes and thus, one of the things all the people who have testified have said, "For God's sake, we passed it. Leave it alone for a while." And yet, here we are, before it starts, contemplating a big change.

Ms. PINES. Well, are we going to decide whether we want to inconvenience the bureaucratic system or whether we want to inconvenience kids who need help? I would opt for making the bureaucrats adjust. I would also opt for direct funding of this. I know that everybody is married to the States and coming through the States, but if you want to go that route, I think it has to be very tightly funded directly to the local area that you are trying to target. I do not think it would in any way cripple the system. By and large, the changes and the problems that are taking place with JTPA implementation are all the kinds of administrative, SDA designation, PIC designation, all that garbage that has to be gotten out of the way so that we can get down to the business of running programs and serving people, and I think most of the convolutions will probably be out of our way in the next 60 days.

Mr. GUTTMAN. Thank you.

Kitty?

Ms. HIGGINS. I have a question for Mr. Goldstein. The administration has proposed, as part of their youth jobs initiative, a subminimum wage—and I guess maybe Barbara could respond to this also. It would seem to me that the entitlement experience demonstrates that even with a 100-percent wage subsidy, it is still very difficult to get employers to hire these kids. And I guess I am wondering from both of your perspectives whether you think a subminimum wage, as opposed to a wage subsidy to an employer, would serve the same purpose; whether lowering the minimum wage—think it is $2.85—by 15 percent would be enough of an incentive for you to go out and hire the same students that you hired under the entitlement program.

Mr. GOLDSTEIN. I just want to make sure I understand. You are telling me that under this program, they would send me a kid, and you would be paying $2.85 an hour, or I would be paying $2.85 an hour?

Ms. HIGGINS. You would be paying $2.85 an hour. You would have to go out and hire him. The question is whether you would hire the kid.

Mr. GOLDSTEIN. OK. I will give you a personal answer. To me, it probably would not make that much difference, because I do not employ a lot of people.

Ms. HIGGINS. What would not make a difference—the lowering——

Mr. GOLDSTEIN. The fact of whether I had to pay him $2.35 or $2.85. I do not think you will get as many employers—I happen to be community conscious and involved, because we are a disadvantaged community, in the community since 1958 when I started working there. However, I think you will find a lot of employers would not be quite as interested as they were under the old entitlement program.

Ms. HIGGINS. Marion or Barbara, do you want to comment on that?

Ms. PINES. Well, as I said before, I think you have to in a way almost buy your way in, because of the stereotypes, because of the concerns. Employers were not camping on our doorstep to say, "Please, give us these workers," even if they were not going to be an actual, out-of-pocket cost. I think we have to understand there is a cost anyhow. There is a cost in supervision, there is a cost in supplies and equipment. There is still a cost to employers, even if it is not a wage cost. And I think we have to make it easy to get our foot in the door so that kids have a chance to prove themselves in the job market. I do not think the minimum wage is the way they are going to get us in—that is, a subminimum wage.

Ms. BLUM. I would concur with that. We, once again, will entrap certain youth in areas where economic conditions are worse, or where we do not have employers who are very conscious and committed to their communities. That is really not a consistent and fair way to deal with the problem.

Ms. HIGGINS. I have seen some reports that MDRC has estimated it would cost $600 million to expand entitlement to poverty areas.

Ms. BLUM. It is close to $700 million if we use one measure. If we went to 70 percent of BLS, I think it was in the $600 to $700 million range. One could move toward other criteria. One of the advantages of targeting is that you can be very specific about the groups that you want to reach.

Ms. HIGGINS. I had thought it was described as being for poverty areas——

Ms. BLUM. Let me just get the precise figures for you. The estimated annual cost of operating the program nationally for all eligible youth would be $1.6 billion in 1980 dollars. If income eligibility were set at 70 percent of the lower living standard of the Bureau of Labor Statistics, the same cost would be about $1.85 billion—and, assuming the coverage was extended only to eligible youth living in designated poverty areas, the cost would be $624 million and $729 million, respectively, under the Office of Management and Budget standard and the 70 percent of the lower living standard.

So the $729 million is the 70 percent of the lower living standard in poverty areas.

Ms. HIGGINS. Marion?

Ms. PINES. We used the other criteria, though, in entitlement. We did not use 70 percent BLS.

Ms. HIGGINS. Thank you all very much.

At this point I order printed all statements of those who could not attend and other pertinent material submitted for the record.

[The material follows:]

STATEMENT OF THE U.S. CONFERENCE OF MAYORS

The United States Conference of Mayors has traditionally supported efforts to provide employment and training opportunities to America's youths. That general position remains unchanged in the face of ever increasing youth unemployment and the growing concern for the impact of rapidly changing technology on the labor market and skill needs of the nation. For this reason, the Conference of Mayors is generally supportive of the concepts set forth in Title III of Senator Stafford's "Youth Employment and Economic Assistance Act of 1983", which establishes Youth Community Conservation and Improvement projects and the American Conservation Corps. The Conference is also supportive of the basic concepts set forth in the youth employment sections of Senator Kennedy's "Emergency Jobs, Training and Family Assistance Act". Both Senators have correctly identified a problem that has implications for the future of the American labor force.

Given the general support for the youth programs set forth in the Stafford and Kennedy bills, the Conference would like to make specific recommendations regarding the actual implementation of those concepts.

First, any program aimed primarily or exclusively at youths should focus on training rather than employment. There is a tremendous need, especially among disadvantaged youths, for remedial and basic education, as well as an introduction to the work world, a presentation of career and training options and an exposure to specific training activities. Granted, employment can give the youth an idea of employer expectations. However, in many subsidized employment programs the expectations are not as stringent as those found in the unsubsidized work world. Granted, employment often provides youths with an income that allows them to stay in school. However, subsidized employment is not the only way to provide financial support sufficient. Further, employment alone is not sufficient and will not necessarily prepare the youth for employment as an adult. Training must be an integral part of the youth's experience and should include a combination of classroom and on-site instruction.

Second, given the funding limitations, such programs should be targeted to economically disadvantaged youths. While the Conference agrees with the concept of providing services to all unemployed youths, the reality of the federal budget renders that impossible. A universe consisting of all unemployed youths would be so large that the impact upon any particular segment of the total population would be minimized. Until such time that funds for youth programs are significantly increased, programs must be targeted to those most in need.

Third, any new training and employment programs for youths must be accompanied by funds that are in addition to those that are already in the pipeline for existing youth programs. This includes the funds currently provided through CETA and the "Job Training Partnership Act". Those funds are already stretched to their limits. The addition of new programs without their own independent financial base would dilute the effectiveness of the existing as well as the new programs.

Fourth, the Youth Community Conservation and Improvement projects, proposed in S. 724, should be administered at the federal level by the Department of Labor and should be operated through the SDA system established under the "Job Training Partnership Act. YCCIP was previously operated through the CETA prime sponsor system. While projects were implemented by local governments, CBOs, and other public and private agencies, the overall administrative responsibilities rested with the on-going local employment and training system. Congress enacted a new training delivery system that brings the state and local governments into a partnership with the private sector to implement responsive local programs. The law provides for a performance-driven system that is based on administrative checks and balances and that provides for careful scrutiny of administrative and fiscal procedures. Clearly, such a system should be utilized to implement any targeted youth program that ultimately implements programs at the local level. Certainly, project applicants should include all of those agencies and institutions delineated in S. 724. However, overall administrative responsibility should be the same as that set forth under JTPA.

Fifth, funds should be provided to SDAs on a formula basis. The formula should be based both on numbers and percentages of unemployed and economically disadvantaged youths. Virtually every SDA has youth unemployment problems. All of those SDAs could use extra funds. The Conference of Mayors recognizes that the funds for the new program may be very limited and that, consequently, many communities would receive only small amounts under a formula allocation. However, there may be ways to address that problem, including a local match requirement, or a distribution methodology that combines a needs formula with competitive contracting. Careful thought can lead to a workable distribution system that does not penalize a needy youth simply because he lives in the "wrong" community.

Sixth, Youth Community Conservation and Improvement projects serve an age group 16 to 19 years old. This means that many of the potential eligibles will be, or should be, in school. Provisions should be included in the bill which encourage and allow for in-school activities or activities designed to get drop-outs back into the education system. This could include such things as the traditional in-school work program or the establishment of large scale work projects that include GED and basic education classes on-site.

There is no doubt that additional youth programs are needed. The Conference of Mayors will continue to support reasonable efforts to bring them about. However, those programs should be training-intensive, targeted to those most in need, and operated in coordination with and, where possible, within the same structure as existing youth training and employment programs. For Youth Community Conservation and Improvement projects, the SDA system is the most efficient vehicle for administration. For a national program like the American Conservation Corps, the Department of Interior is an acceptable vehicle. Finally, the guiding rule should be that no additional youth employment and training programs should be added unless they bring their own independent funding with them.

75 YEARS
National Governors' Association

Scott M. Matheson
Governor of Utah
Chairman

Raymond C. Scheppach
Executive Director

June 2, 1983

The Honorable Dan Quayle
U.S. Senator
Committee on Labor & Human Resources
Subcommittee on Employment
SD 428
Washington, D.C. 20510

Dear Senator Quayle:

On behalf of the National Governors' Association, we would like to thank you for providing us an opportunity to comment on the youth program section of the $4.2 billion jobs bill, S.724 that was recently reported out of the Senate Environment and Public Works Committee.

The economy and the development of additional jobs were the two major issues considered by the National Governor's Association when it met here last March. The National Governors' Association concluded that there are two areas where immediate federal action is vital. First, the Governors believe that the President and the Congress must act to reduce the deficit in order to preserve a climate for economic growth. Second, we believe that the Congress must address the issue of jobs creation directly.

Noting the importance of unemployment and job creation issues, the NGA executive committee in January established a task force on jobs and infrastructure headed by Illinois Governor James Thompson. The introduction of our policy position concerning jobs development states:

> "Current levels of unemployment are unacceptably high, and projections now indicate that the unemployment rate will remain high through 1988. Recognizing the importance of this issue, the National Governors' Association has established a Task Force on Jobs and Infrastructure. The focus of the Task Force is two-fold: first, to develop policy to work with Congress on emergency job legislation it is developing; and second, to identify long-term initiatives that provide the most effective response to the unemployment program. Infrastructure programs, retraining, and relocation efforts will be among the options reviewed by the Task Force."

The Governors are particularly aware of the serious problem of youth unemployment, particularly for minority youth. We recognize that government must play a greater role in helping young people secure their first job. The emphasis on training for youth in the Job Training Partnership Act is one example of such a role. Moreover, Governors are increasingly concerned

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that the education system itself provide a closer tie with the needs of business. These activities will, however, be successful only as economic recovery produces more job opportunities.

In developing their policy, the Governors reviewed both the short-term problem and a longer term strategy. For the short-term they concluded that any emergency jobs creation program adopted by Congress should conform to five principles:

- Preservation: Financing for programs should not come at the expense of existing programs of federal assistance. These programs have already taken more than their share of spending reductions.
- Flexibility: In order to obtain the highest value from the Emergency Job Creation Program, states and local governments should have maximum flexibility in allocating the funds.
- Efficiency: To ensure benefits to the maximum number of unemployed people under the special legislation, priority should be given to activities that are labor intensive.
- Targeting: Funds utilized for jobs creation should be targeted to the long-term unemployed.
- Timeliness: The timely commitment of federal funds by states and local governments is necessary to put people back to work as soon as possible.

It would appear that these principles, along with the concept that state government should play a role in any new national program, are also relevant to proposed youth employment programs. In the case of a youth program, special emphasis needs to be placed on targeting these programs to areas and individuals with the greatest need and to attempting to provide the skills and experience needed to qualify for permanent non-subsidized employment.

In addition to dealing with emergency jobs guidelines, the position describes a long-range effort to attack unacceptably high levels of unemployment. A long-term plan, the statement notes, should include the following elements: a comprehensive package of assistance to displaced workers; school-to-work transition assistance; improvement in the nation's vocational education system; federal government partnership assistance to help state and local governments prepare their own employment strategies; and encouragement for the private sector to provide employees with new skills training and basic remedial education.

I would also like to comment on some specific provisions of this legislation. We believe that Title III (Youth Employment) of S.724, as reported by the Senate Committee on Environment and Public Works, is greatly improved from the original bill's language, which was Title V of a much larger bill.

We are pleased that Title III-A makes clear that 95% of the funds for youth employment for community projects are to be allocated to states based on a formula reflecting unemployment, and that states will have the responsibility to approve applications from local "project applicants."

The list of such "project applicants" also has been substantially broadened. These changes are absolutely necessary to preserve the principle of states' responsibility and accountability as reflected in the previously enacted block grant legislation and the recently enacted Job Training Partnership Act.

The original bill's Title V would have created a narrow range of organizations as eligible applicants -- Community Action Agencies, funded by states under the Community Services Block Grant; Native American program sponsors under JTPA; and migrant and seasonal farmworker organizations. These non-governmental agencies would have been funded directly by the Department of Health & Human Services. If states wished to participate in this national youth employment program, they would have to apply to these non governmental agencies.

This would completely reverse the procedures followed in the CSBG and JTPA programs, where funds are allocated to states by the Federal government, and local agencies apply to the states.

We do feel that the application process for states in the revised Title III-A seems needlessly detailed. We would hope that the committee would make clear that states do not have to file extremely detailed plans, project by project, in order to obtain funds allotted to them by the Secretary. An application outlining the types of projects to be carried out and the kinds of agencies to be funded should be sufficient.

We understand the sponsors' desire to target funds on unemployed youth. However, we question whether the restriction to those 16 to 19 years of age is needlessly restrictive. We also question whether it is advisable to mandate that the state administering agency also be the agency which administers the Community Services Block Grant. Allowing Governors to designate the administering agency would appear preferable.

In in Title III (B) relating to an American Conservation Corps, we are pleased to note that the bill provides that 35% of the funds appropriated for that title shall be made available by the Secretary to states.

While NGA has not taken a formal position on any particular jobs bill, we recognize that the Congress may adopt such legislation and we would urge the Subcommittee to give careful attention to the principles and concerns outlined in our policy. Such an approach should help assure that any investment will increase the employability of our youth without undermining the climate needed for economic recovery.

The National Governors' Association believes that we must have programs aimed at providing adequate skills, education and motivation for our young people. We recognize that this is not the easiest task, but we welcome the opportunity to work with the Congress in attempting to define how this task can best be done within the constraints of the intergovernmental system.

Sincerely,

Raymond C. Scheppach
Executive Director

Ms. Higgins. The hearing is now adjourned.

[Whereupon, at 11:25 a.m., the subcommittee was adjourned.]

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ERRATA

Youth Employment Economic Assistance Act

The above referenced hearing before the Senate Committee on Labor and Human Resources was inadvertently printed with an incorrect publication number.

The correct designation is S. HRG. 98-334.

S541-33